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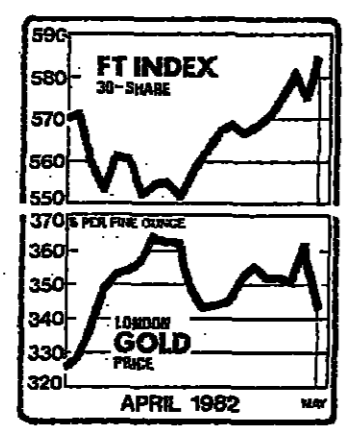
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NEWS SUMMARY

GENERAL Policeman shot dead in Derry ambush. A RUC policeman was killed and a policeman aged 19 seriously hurt in a Londonderry ambush by three men with rifles yesterday.

BUSINESS Equities and gilts firm. The FT 30-share index was up 9.1 to 584.2. The FT-Actuaries Industrial Group, up 1.7 per cent to 327.62, and the 500 share index, 1.5 per cent higher at 361.66, both reached new peaks since completion.

Algeria's Foreign Minister killed. Algeria's Foreign Minister Mohamed Seddig Benyahia died when Iraqi jets forced his private aircraft to crash on a flight to Tehran, Iran said.



AEUW challenge. Gavin Laird's election as AEUW general secretary is likely to bring a challenge about the ballot's conduct from left-wing candidate Ken Brett.

Train derailed. Thirty-one people were hurt when the 1.35 pm Glasgow-Aberdeen train was derailed after a collision with a farm tractor near Perth.

China reshuffle. Eleven Chinese vice-premiers lost their jobs in a reshuffle that strengthens Vice-Chairman Deng Xiaoping's government hold.

Polish clash. New disturbances broke out in Szczecin as the Polish politburo met to discuss the weekend clashes between police and Solidarity sympathisers.

Ripper award. Marilyn Moore, victim of an attack by Yorkshire Ripper Peter Sutcliffe, was awarded £10,500 damages against him at Leeds.

Jet misses town. A U.S. jet fighter crashed on a Suffolk main road as the pilot risked his life to avoid Berles town centre. He ejected safely.

MG marque 2. BL revives the MG marque today, nearly two years after the last "traditional" MG left the production line at Abingdon.

Demo for Queen. Chanting demonstrators were among 2,000 people who greeted the Queen when she visited Liverpool. Five were arrested.

Heroin haul. Four kilos of heroin were found inside a consignment of cricket bats from Pakistan in an East London warehouse.

Spy arrests. A West German army telecommunications worker and his wife were arrested on suspicion of spying for the Soviet Union.

Briefly... Marks and Spencer has started selling women's hats. Page 8. Two Russian climbers reached the summit of Mount Everest. Eylection writ was moved for Beaconsfield on May 27. Alliance squares up. Page 15.

DOCK STRIKE prospects drew nearer after inconclusive talks between the TGWU and the Government.

IMPORT RESTRAINT policy of UK Government is easing. Page 6.

TOOTAL, the textiles, clothing and thread group, reported pre-tax profits up from £7.25m to £14.85m for the year to end January. Page 22; Lex, Back Page.

FOSECO MINSEP, the metallurgy, building products and specialty chemicals group, reported taxable profits of £23.4m for 1981, compared with £20.21m previously. Page 22; Lex, Back Page.

CHIEF PRICE CHANGES YESTERDAY

Table of price changes for various commodities like RISES, Anderson St'clyde, BAT Inds, etc.

HAIG SAYS CRUISER SINKING WILL ADD TO INTRANSIGENCE IRISH ATTACK SANCTIONS

Falklands diplomatic option still sought by Ministers

BY PETER RIDELL IN LONDON AND ANATOLE KALETSKY IN WASHINGTON

THE BRITISH Government is trying to keep as many diplomatic options as possible for a negotiated settlement to the Falklands crisis after the escalation of military conflict over the weekend with the sinking of the Argentine cruiser, the General Belgrano, which has led to criticism both overseas and at Westminster.

Sympathy in Western Europe wears thin

BY OUR FOREIGN STAFF

WEST EUROPEAN sympathy for Britain's cause in the South Atlantic seemed to be wearing thin yesterday following the sinking of the Argentine cruiser General Belgrano.

British bomb Stanley airfield again

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT

BRITISH aircraft have again bombed Port Stanley airfield in a continuing effort to seal the 200-mile total air and sea exclusion zone established around the Falkland Islands last Friday.

Bankers propose group to assess international risks

BY DAVID LASCELLES IN NEW YORK

INTERNATIONAL BANKERS should set up a top-level group to discuss the mounting risks of international banking and improve the flow of banking information.

Anderson Strathclyde board rejects Charter Consolidated bid

BY RAY MAUGHAN

CHARTER CONSOLIDATED, the mining finance group, has finally used the 28 per cent stake it has held in Anderson Strathclyde for two years as a springboard for a full offer for the mining equipment manufacturer.



YOU'D THINK WE HAD THE MONOPOLY ON COMFORT AND CONVENIENCE.

CONTENTS

Table of contents listing sections like Local Government elections, Foreign affairs, Class in Britain, etc.

AIR FRANCE FOR CLUB CLASS advertisement with details about Club Class service, including meals, drinks, and baggage.

EUROPEAN NEWS

JARUZELSKI CALLS EMERGENCY MEETING

Hundreds held after Polish clashes

BY DAVID BUCHAN

SEVERAL HUNDRED sympathisers of the suspended Solidarity union have been detained for taking part in Monday's violent clashes with police in several Polish cities, the official news agency PAP announced yesterday.

POLAND IS expected to ask for the rescheduling of around \$2bn of interest which falls due to Western commercial banks this year, in addition to around \$2.5bn of 1982 principal, writes Alan Friedman.

bankers. Mr Minkiewicz is in London this week and is holding talks with a number of creditor banks.

spirit of anti-Sovietism" evident during the Solidarity-dominated period before martial law.

But Mr Jan Szczepanski, an independent deputy and a well-known sociologist, urged the Government not to return to stark repression but to carry on its declared pursuit of national accord with some of the Solidarity leadership and the Roman Catholic Church.

Driven underground by martial law, Solidarity activists had confined themselves to issuing dissident broadsheets and the occasional broadcast by a clandestine radio station.

But evidence of the emotional support that Solidarity still retains came on May 1 when some 50,000 people demonstrated in central Warsaw in opposition to martial law. The police did not intervene then, and this apparently emboldened some 15,000 to protest on Monday afternoon.

This protest which featured anti-Communist banners was eventually dispersed by police using water cannon and tear gas.

White House Deputy Press Secretary, said the U.S. deplored the use of force and that the demonstrations were "a reminder that the demands for free expression have not been met."

Central Warsaw, the principal scene of Monday's protests, was quiet yesterday after the Polish authorities worked fast over-

night to clean up debris in order to minimise the impact of the disturbances. Smashed windows were quickly repaired, and chairs and tables used as barricades on Monday were returned to outdoor cafes in the city's market square.

The demonstrations dominated yesterday's session of the Sejm, the Polish Parliament.

In a speech, Mr Mieczyslaw Rakowski, a Deputy Prime Minister, spoke of what he called a "resuscitation of the

Trade terms with Comecon partners worsen

BY CHRISTOPHER BOBINSKI IN WARSAW

POLAND'S TERMS of trade with Comecon have worsened dramatically in the first quarter of this year as the prices of imports from the country's Communist partners, particularly of Soviet oil, rose faster than those of Polish exports and as Comecon failed to speed up deliveries to Poland as much as promised.

The result has been unexpected problems for the Warsaw Government in offsetting Western trade and credit restrictions with imports from the Soviet bloc, as well as a further rise in Poland's indebtedness to Eastern Europe.

An analysis of Poland's

foreign trade in the first quarter published in the Rynk Zagraniczny newspaper, shows the terms of trade deteriorated a further 1.6 percentage points from a previous record low last year. The terms of trade measure the relation of export to import prices, and thus a country's ability to finance imports out of export earnings.

The analysis by Mr Ludwik Olejarz, from the foreign trade section of the Communist Party's central committee, shows that hard currency export earnings in the first three months reached Zloty 100bn (5675m), a drop of 7 per cent on the same period last year. Hard currency imports in the

same period cost Z188bn (5159m), down by 43 per cent. So far this year Poland's terms of trade with the West have improved on last year. Comecon prices for the year are fixed on the basis of world prices over the previous five years in annual trade protocols. This year Poland is receiving 8.2 per cent more for its

Comecon exports which totalled Z189bn over the first quarter, up by 7 per cent on the same period last year.

However, Warsaw is paying 14.3 per cent more for its purchases from the rest of Comecon. These cost Z196bn in the first quarter, 3 per cent down. More than half the value of

Comecon imports in the first quarter was made up of Soviet oil, natural gas and petroleum products.

Soviet oil is costing Poland 26 per cent more than the 71.62 roubles per tonne price last year. Natural gas is 26 per cent more expensive, and petroleum products 18 per cent.

Poland's coal exports to Comecon, which reached 2.5m tonnes, or nearly five times the first quarter level of 1981, are bringing in 20 per cent more, while sulphur prices are up by 26 per cent. The country has also received 7 per cent more for its hard currency coal sales and 2 per cent more for sulphur.

Soviet military power 'superior to Nato'

BRUSSELS — The Soviet Union outnumbered the Western Alliance in most nuclear and conventional forms of military power, according to an intelligence assessment by the North Atlantic Treaty Organisation.

The assessment is the first attempt by Nato in its 33-year history to assemble a comprehensive declassified comparison between East bloc and Nato

forces. It took six months to prepare and was endorsed by all 14 countries in the alliance's military wing.

"The facts speak for themselves all too plainly. They do not make comfortable reading," according to Dr Joseph Luns, Nato's secretary-general.

He claimed that the Soviet Union is continuing to deploy its sophisticated SS-20 missiles at a rate of one a week, despite

a Soviet announcement in March that the deployment had stopped. At the time, President Leonid Brezhnev, the Soviet leader said there were 250 such missiles. The Nato study says 300 are in place.

The report says the Soviet Union has 800 intermediate range nuclear missiles capable of hitting Europe, while Nato will have none until it begins deploying similar weapons in

1983. The Western alliance has 800 intermediate range aircraft for its European theatre nuclear force, the Soviet Union and its allies have 2,500 such aircraft.

Nato leads by 1,100 to 950 in short-range nuclear missiles and artillery, the report claims. In total long range strategic nuclear missiles and bombers the Soviet Union leads by 2,704 to 2,022.

EEC at odds over extending steel pact

By Giles Merritt in Brussels

UNEXPECTEDLY HEATED disagreement between EEC member governments over the details of the Community's crisis regime for steel yesterday prevented a decision being reached on its extension into 1983.

The setback to the production and price disciplines governing steel appears to be only temporary. But with the Ten in agreement on the principle of extending them after they expire on June 30, the range of disagreements at yesterday's EEC industry ministers' council appears to have caught the European Commission unawares.

A special session of the council is now being scheduled to meet here on May 26 following a plea by Viscount Euxine Davignon, the Industry Commissioner, that steelmakers cannot afford to wait until the June 8 council meeting.

There will need to be considerable behind-the-scenes negotiations between officials of the EEC member states, however, if the May 26 council is to succeed.

Several of the EEC's main steel producing countries have put forward particular demands that risk compromising the overall steel regime. Italy is said to be demanding that its steelmakers' output quotas should be increased as a result of more buoyant domestic demands for steel.

There is unresolved tension between the Netherlands and West Germany over the re-division of quotas awarded to Hoogovens and Hoesch before their cross-frontier Estel partnership was dissolved.

Britain is pressing for a production quotas regime to be applied to EEC special steels, in order to protect the hard pressed Sheffield industry, and Greece is understood to be holding out for "special treatment" for its own vulnerable industry.

There is considerable opposition, too, from the Bonn Government to the Commission's basic proposals to extend the regime by 18 months until the end of the next year, and to include what is again in the steel products covered by mandatory output controls.

Denmark's Government may resign

By Hilary Barnes in Copenhagen

DENMARK'S Social Democratic minority Government looks increasingly likely to resign and let the Opposition try to form a Government if it cannot get its economic policy measures through the Folketing within the next four or five weeks.

Mr Anker Juergensen, the Prime Minister, in a May Day speech, warned the Government's supporting parties, the Radicals and the Socialist People's Party (SPP), who are pulling the Government in opposite directions, that if these do not come into line they will have to face the prospect of a Right-Centre administration.

The Government plans a three-part package of measures—financial aid for agriculture, youth employment and other job creation measures, and tax increases. The Radicals, however, are urging incomes policy initiatives, which neither the Government nor the SPP will contemplate at this stage. The SPP is opposed to any tax increases.

Railways unveil plan to lure French away from the car

BY DAVID WHITE IN PARIS

A FEW months before the expiry date of its 45-year-old statute, France's state-controlled rail network has decided to brush up its image.

With the aid of a 73-item facelift, the SNCF hopes to woo the car-addicted French back to the train. For, however much foreigners may admire the punctuality of France's rail services and the new high-speed trains between Paris and Lyons, recent figures suggest that four out of 10 Frenchmen have not taken a train ride for five years.

The proposals, aimed principally at making passengers more welcome and better informed, were presented this week in a "white paper" by M André Chadeau, the chairman appointed last year by the Mitterrand administration.

The SNCF, which suffered an operating loss estimated at FFr 2bn (£180m) in 1981, aims to speed up the growth in its passenger traffic from 2.8 per cent to 5 per cent this year, and to reverse the declining trend in its freight business.

The improvements are due to be spread throughout the network. Projects for the next couple of years include FFr 250m of modernisation work on 300 stations, 50 new

car parks and 10,000 baggage carts.

The SNCF is raising its advertising budget by half and taking on 500 extra station staff. Uniforms are to be redesigned to look "more modern and becoming," and school texts and phrasebooks will need changing when the term "controlleur" becomes obsolete as the French for "ticket inspector." The company is looking for a new title that will project a less fearsome image.

Film sessions will be introduced on certain lines, and the SNCF plans to increase car-and-train services and car-hire and bicycle-hire facilities. Half fares will be extended for children of up to 12 years instead of 10.

Egged on by the keen M Charles Fiterman, the Communist Transport Minister, the SNCF has decided not to wait until the fateful date of December 31, when it ends its existence as a 51 per cent state-owned company.

The Government, which will be left with 100 per cent of an officially defunct concern, still has to draw up a new legal and financial framework to take effect from the start of next year.

Deficit in unemployment fund may reach £3.3bn

BY DAVID HOUSEGO IN PARIS

France's Socialist administration has been brought face to face this week with a difficult dilemma that touches the heart of its current budgetary philosophy.

The deficit in the unemployment benefit fund is now expected to rise from FFr 12bn (£1,060m) in 1981-82 to FFr 37bn (£3,300m) in 1982-83. The gap over the year from July 1 is thus equivalent to nearly 40 per cent of the planned budget deficit of FFr 95bn for 1982.

In France, both the unemployment benefit fund (UNEDIC) and the Social Security fund (also in financial difficulty next year) are independent of the government budget and are separately administered.

But they directly concern the government, which contributes to them the level of benefits and is preoccupied with the impact of the deficit on public finances as a whole.

Last week, the managers of UNEDIC formally called for discussion with the government on bridging this year's deficit with a characteristic French insistence on "social partnership" the fund is administered jointly by employers and trades unions.

The solution that the government proposes for 1981-82 to finance the FFr 12bn deficit is a combination of a once-for-all tax and a state-backed loan. Otherwise, the major contributors to the fund are industry and employees (other than civil servants).

With rising unemployment and early retirement schemes, the fund's expenditures have

exploded from FFr 27bn in 1979 to FFr 64bn in 1981 and to an estimated FFr 90bn for 1983.

Last year's solution has been ruled out this year because of current rates of interest and because the government is pledged not to increase the tax burden.

In these circumstances, M Jean Auroux Minister of Employment, yesterday tossed the ball back into the court of the employers and unions who manage the fund and asked them to come up with proposals.

Both are reluctant to increase their contributions. M Yvon Chotard, vice-president of the employers' association, has said that "it is not possible to leave to companies and wage earners alone the responsibility for financing unemployment benefits."

A suggestion is being floated that civil servants and the self-employed should also be asked to contribute, but this would only add a further FFr 10bn.

The alternative to raising new revenues is to cut existing unemployment benefits which runs against the political beliefs of the Socialist party. But French benefits are high by British standards: a worker made redundant initially receives 65-75 per cent of his insured earnings.

The difficulties of finding a temporary solution have led to demands for an overhaul of the system. But this touches on the proposed reform of Social Security payments, which has also become a burning political issue.

Kidnapped author found

BY OUR PARIS STAFF

THE POLITICAL kidnapping affair which has been intriguing the French for the past week became still murkier yesterday after the re-emergence of writer Jean-Ederm Hallier, in circumstances as bizarre as those of his disappearance eight days earlier.

M Hallier said he had been through a "nightmare." The 46-year-old author was found bearded and dishevelled on the western outskirts of Paris in

the early hours of the morning, and was later questioned at length by police.

His reappearance came a little more than a day after the final deadline set in a message put out last week in the name of the so-called French Revolutionary Brigades. The demands of this previously unheard-of right-wing group included the dismissal of five cabinet ministers.

Tindemans hopes for Mideast initiative

By John Wyles in Brussels

MR LEO TINDEMANS, the Belgian president of the EEC's Council of Ministers, arrives in Cairo this evening for talks with the Egyptian Government aware of growing disaffection in some Arab capitals about European diplomacy in the Middle East.

Cairo is Mr Tindemans' third stop in a tour designed to probe attitudes in the Middle East on the future of the Arab-Israeli conflict following Israel's withdrawal from the Sinai. The Belgian Foreign Minister hopes that his tour, which will also include Israel, may lead to a new EEC initiative on the Middle East which would build upon the Community's delayed Venice Declaration of June 1980 calling for Palestinian self-determination.

During visits to Saudi Arabia and Kuwait at the end of last week, Mr Tindemans was forced to realise how much the expectations of moderate Arabs had been raised by the Declaration, only to be subsequently disappointed.

Saudi leaders pointed out that he was the fourth EEC President in office to be received in Riyadh in less than two years and they implied that precious little had resulted.

Worried about growing Soviet influence on Syria and the Palestine Liberation Organisation and uncertain about future U.S. policy, the Saudis appeared to Mr Tindemans to be still pinning their hopes on winning broad Arab support for the so-called Fadh peace plan.

The Saudi Crown Prince's proposals look likely to be discussed at a meeting of Arab League governments in Beirut later this month. A similar meeting last autumn broke up in disarray even before the Fadh plan was discussed because hard-line members of the League objected to its implicit recognition of Israel.

"The plan also calls for Israeli withdrawal from the occupied territories including Jerusalem, and calls for Israeli recognition of the PLO.

Saab combat aircraft deal initialled

By William Dulforce in Stockholm

A GROUP of Swedish companies led by Saab-Scania and the commander-in-chief of the Swedish armed forces, General Leonard Ljung, have initialled a contract for the development and production of a new multi-purpose combat aircraft, codenamed JAS, for the Swedish air force. The total cost for the delivery of 140 aircraft up to the year 2000 will be SKr 25,7bn (£2,47bn) or SKr 800m more than previously announced.

The contract has to be accepted by the Government and finally approved by Parliament at the beginning of June. The opposition Social Democrat Party, which is well placed to return to office after the general election next September, may not accept the contract.

The Social Democrats are influenced by reservations voiced by General Nils Skold, the army commander. He expressed doubt whether the JAS has the development potential needed for an aircraft which will be in service long after the turn of the century.

Gen Skold and other critics have focused their arguments on the General Electric F404 engine chosen to power the JAS. Gen Dick Sternberg, the air force commander however, claims that the JAS fulfils all the specifications of the Swedish air force.

Guernsey - developing a future for light industry

Let us put you in the picture. Today, the Channel Island of Guernsey is busily engaged in supporting a successful light industrial sector. International companies involved in the manufacture of quality products are thriving on a sound economy and a system which provides for a retention of 80% of profits. Low rates on property, excellent industrial relations and an appealing working and living environment all contribute to business success. Guernsey is just one hour from London and perfectly positioned both geographically and constitutionally to service EEC, EFTA and world markets. If you are considering establishing a new light industry or re-locating your existing operation, let us put you in the picture. Ron Barton, Industrial Development Officer is the man to talk to on Guernsey 24411.

Jonathan Carr reports on West Germany's latest economic forecast Small welcome for a better outlook

PITY West Germany's Chancellor Helmut Schmidt. He has just received economic forecasts for 1982 which, on the one hand, are not encouraging enough to help him much with the election at home. On the other hand, they may be positive enough to stimulate new calls from abroad for German "sacrifices" to help pull still-needer countries out of recession.

With his Left-Liberal coalition in Bonn under growing strain and a key provincial election coming up in Hesse in the autumn, there is nothing that could strengthen Herr Schmidt's position better than a strong economic upswing and a marked decrease in the number of unemployed.

In principle, as the country's leading economic research institutes made clear in their spring report released on Monday, the conditions for this positive trend seem to exist. Interest rates (while still high by German standards) have been gradually falling, thanks both to the cut in the current account deficit and the declining inflation rate, which have helped boost confidence in the Deutsche Mark and thus discourage capital outflows.

Yet, infuriatingly for Herr Schmidt, business investment remains weak, the economy sags and unemployment high. Even the Government's latest efforts to boost investment and create jobs are stranded in the Bundestag — the Upper House of Parliament where the Opposition parties have a majority and have decided to block the new measures, at least for a time.

Last autumn the economic institutes were saying they expected the economy to grow in real terms (after allowing for inflation) this year, by 1 per cent, and unemployment to average some 1.6m. Now they say real growth of only 0.5 per cent and a jobless figure of around 1.8m is to be expected.

According to most experts, the economy seems certain to be expanding more strongly in the second half of the year than in the first. It is doubtful, however, whether that improvement will be marked enough to impress the citizens in Hesse, when they go to the polls on September 26 — a vote which could give the Opposition a two-thirds majority in the Bundestag and the ability to block all government legislation. True,

the rate of inflation may well be down to little more than 4 per cent by the autumn months, but it is unemployment which remains the top domestic issue.

From an international viewpoint, West Germany is performing almost too well for its own comfort. The institutes point out that last year's current account deficit of DM 17.1bn (£4m) is likely to turn into a DM 5bn surplus this year.

This figure is not large in itself, but it is emerging because of a huge visible trade surplus of close to DM 50bn, which more than makes up for the big sums Germans spend on holidays abroad and the payments foreign workers here make to their homelands. Already, last year, the German trade surplus with several partner countries — most notably France — was almost embarrassingly large. This year it could become a political irritant not quickly to be removed simply by revaluing the now under-valued D-mark.

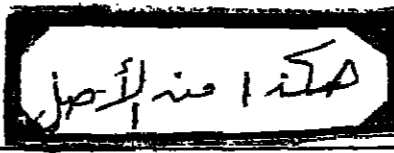
It is a similar tale on the price increase front. With an average inflation rate of 4.5 per cent expected this year, West Germany is likely to

performing better than any other Western European country except Switzerland.

On the other hand, Germany's real GNP growth of 0.5 per cent will probably be only about half the Western European average. These are circumstances in which Bonn could well come under pressure, as it did, at the Western Economic Summit Conference in 1978, to act as an "economic locomotive," boosting its own economy and thus stimulating imports.

The West German response is that its public sector deficit is already too high for comfort, and that a cut in the expected U.S. budget deficit to help bring down interest rates worldwide would be a much more effective international economic stimulant. Nonetheless, the German combination of big trade surplus, low growth and low inflation forecast by the institutes this year could put Herr Schmidt back in the firing line abroad, even as he battles with his domestic worries.

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# Price controls in Zimbabwe as inflation worsens

BY OUR HARARE CORRESPONDENT

SWEPTING price controls have been introduced by the Zimbabwe Government, as the latest official figures confirm a sharp deterioration in the country's trade balance.

The controls replace the four-month price freeze which lapsed at the end of April. A Government-established price board has recommended a complex system of controls, ranging from basic essentials to less regularly traded items.

The move came ahead of publication of official figures showing that Zimbabwe incurred a trade deficit of \$282m (£70m) during 1981, compared with a trade surplus of \$269m (£51m) the previous year.

The shift reflects a 10 per cent fall in the volume of exports to their lowest level since 1970, and a 25 per cent increase in the volume of imports, which reached their highest level since 1974.

Exports totalled \$680m, while imports reached \$750m. The country's main export last year was tobacco worth \$225m (£170m), followed by ferro alloys (\$60m) and asbestos (\$57m). The main import was petrol, which cost the country \$150m.

Little export growth is forecast for 1982, despite a much improved transport position which will allow a run-down of stockpiles accumulated last year. Although tobacco exports are expected to rise at least 25 to 30 per cent and maize and sugar exports will be affected by drought and poor world prices, while mineral exports will be hit by the international recession.

Balance of payments figures for 1981 have still to be released but it is estimated that the country's current account deficit more than doubled from \$120m in 1980 to \$300m last year.

Zimbabwe's main trading partner was South Africa which supplied 25 per cent of imports and purchased 21 per cent of exports. Britain was in second place, followed by West Germany and the U.S.

# Deng's grip tightened by China reshuffle

By Tony Walker in Peking

THE DOMINANT faction in the Chinese leadership led by Deng Xiaoping, the powerful party vice chairman, has further strengthened its hold on Government with the appointment of a number of new Ministers and the removal from frontline duties of several veterans.

Wan Li and Yao Yilin, two of Mr Deng's closest allies, have been confirmed as Vice Premiers. Eleven other Vice Premiers have lost their positions as part of a bureaucratic shake-up.

Most of the former Vice Premiers have been appointed State Councillors and will act as advisers to the Government, but without direct responsibility for administration.

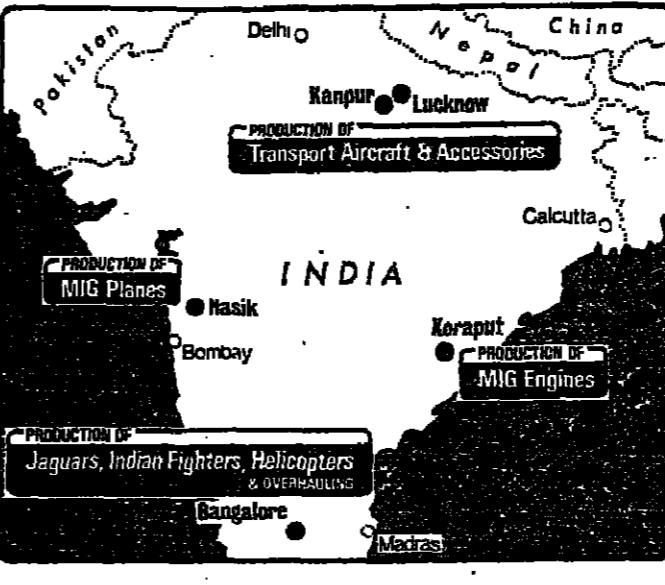
The new appointments appear to mark a significant defeat for the previously powerful "Petroleum Faction" centring around former Vice Premier, Yu Quli and Kang Shien. The latter has lost his job as Petroleum Minister to Tang Ke who was formerly Minister of Metallurgical Industries.

Both Yu and Kang have been appointed State Councillors. They are regarded as "old guard" officials not entirely sympathetic to Mr Deng's economic policies.

# India's fighter output takes off

BY ALAIN CASS AND K. K. SHARMA RECENTLY IN BANGALORE

THE FIRST of the 45 Jaguar jet fighters to be assembled in India rolled off the production line at the Bangalore complex of Hindustan Aeronautics on March 31 and is due for its maiden flight in early June.



This unique piece of collaboration between Britain and India was of special interest to Marshal Dimitri Ustinov, the Soviet Defence Minister, when he visited Bangalore, in the southern state of Karnataka.

As he was being shown round by Mr B. K. Kapur, chairman of the government-owned company, Marshal Ustinov turned and asked: "What about the Jaguar?" Mr Kapur, who has only recently taken over as head of India's most prestigious high technology defence establishment, printed to a door and said: "Through there."

The Marshal respondent in his abundantly decorated uniform, walked up to the door and, after pausing briefly, turned and said with a smile: "No. I don't think I'll embarrass you." Mr Kapur said later: "It would have been no embarrassment, if John Nott, your Defence Secretary, had come along and asked to be shown round the complex where we manufacture MIG aircraft. I would have said 'be my guest'."

This cameo highlights the development of Hindustan Aeronautics as one of the world's most versatile defence companies. The range of its wares is openly displayed next to Bangalore's civil airport where small clusters of MIG-21s, Jaguars and the indigenously produced Ajeet fighters can be seen cheek by jowl.

To this impressive display of international fighters may soon be added the French-designed Mirage 2000, manufactured by Avions Dassault-Breguet. India has just purchased 40 of these at a cost of \$800m (£444m) and has taken an option on manufacturing at least 80 more.

This is based on the view that India should develop its own indigenous capacity to manufacture any foreign defence item purchased for the armed forces. Beyond this lies the belief, at the heart of India's economic strategy, that by doing this the country's transition from underdevelopment into the age of modern technology will be significantly quickened.

Since its establishment by the British in 1940 as an overhaul factory, Hindustan Aeronautics—then known as Hindustan Aircraft Limited—has produced over 2,400 aircraft worth more than £60n of which 850 are based on Indian designs.

The company is divided into six major centres which between them manufacture and overhaul MIGs, Jaguars, helicopters, and Indian fighters as well as a full range of auxiliary equipment.

The first fighter aircraft it made was the Gnat; under licence from Holland, since merged with Hawker Siddeley, and then British Aerospace. It now makes 10 different aircraft at 11 factories spread over six states throughout India, employing 40,000 people. In addition it has developed a complete range of design, manufacture, main-

tenance and avionics. The Indian Government has also just approved full production of a new, high performance gas turbine engine, coded the GTX, for use in the present as well as future generations of combat aircraft.

The company's long-term plans include a light combat aircraft. Bidders for this project include British Aerospace, Saab-Scania of Sweden and Dassault of France.

Two other major projects are envisaged. The first is a light transport aircraft to succeed the British Aerospace designed BAe 748. The main competitors for this project include the British Short's highly successful Skyvan and rivals from West Germany, Spain and the Soviet Union.

There are also plans for a new light helicopter which would double as troop carrier and gunship. Final offers have been invited from Aerospatiale of France and West Germany's Messerschmitt-Boelkow-Blohm (MBB).

In the immediate future Hindustan Aeronautics will almost certainly start manufacturing the MIG-23 ground-attack aircraft already in service with

# 22% drop in Opec production

By Our Foreign Staff

COLLECTIVE oil output by the Organisation of Petroleum Exporting Countries (Opec) in the first quarter of this year dropped below the level recorded by other non-Communist producers for the first time for 20 years, according to Petroleum Intelligence Weekly.

Opec production, including natural gas liquids (NGL), fell by 22 per cent to an average of 20.3m b/d compared with the same period of last year, the Review calculates. More recently Opec has calculated that its rate of oil output declined to 15.83m in the early part of April. Its experts do not anticipate any recovery above the 20m b/d until the third quarter.

Hardest hit among Opec members were Libya, down 58 per cent to 687,000 b/d, and Kuwait, by 48 per cent to 700,000 b/d.

# Cairo's hopes rise

Sultan Qaboos Bin Saïd of Oman is to visit Egypt on Saturday, Reuter reports from Cairo. The disclosure followed a report that Morocco's Foreign Minister Mohamed Boutezza, is to visit the Egyptian capital next week.

News of the impending visits has raised Egyptian hopes of a break in the country's diplomatic isolation from the rest of the Arab world.

# African Ministers hold Namibia talks in Tanzania

BY QUENTIN PEEL

FOREIGN Ministers of the key African states involved in attempts to promote a peaceful settlement in Namibia (South West Africa) met in Tanzania yesterday as the Western plan for the territory reached a new sticking point.

The meeting is expected to confirm the hostile response of the South West Africa's People's Organisation (Swapo) to the latest Western proposals for elections leading to independence from neighbouring South Africa.

The Swapo rejection means that the first phase of the intended three-phase negotiations being undertaken by Western contact groups—Britain, Canada, France, the U.S. and West Germany—still deadlocked, months after its intended completion last December.

Swapo is opposed to a simplified Western plan for a "one man—two votes" system under which the planned constituent assembly would be based partly on constituency elections and partly on a national poll using proportional representation.

# Suharto party set to win as Indonesia votes

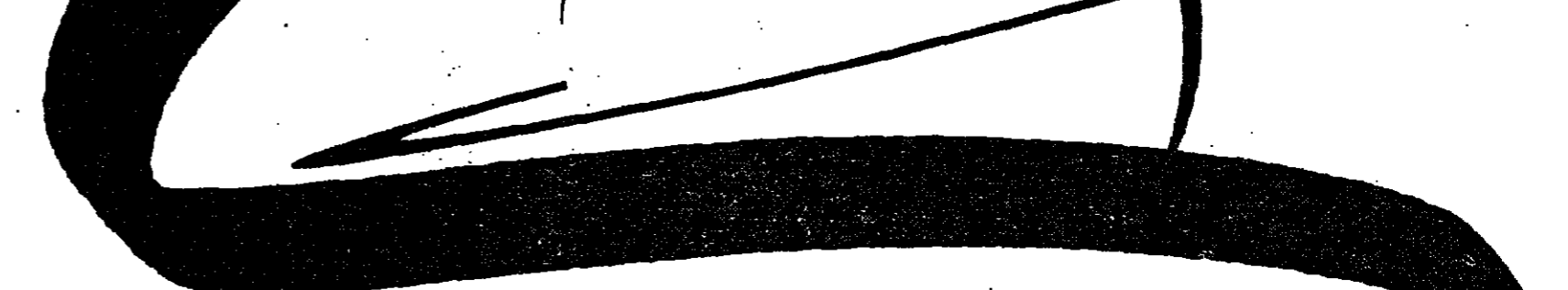
BY RICHARD COWPER IN JAKARTA

INDONESIA, the world's fifth-most populous nation and largest exporter of oil between the Middle East and the western U.S., went to the polls peacefully yesterday to elect a new national Parliament.

Despite fierce electoral contests in several areas between President Suharto's Golkar Party and the Moslem-backed United Development Party (PDI), notably in Jakarta and the staunchly Moslem province of Aceh in north Sumatra, Golkar is expected to win its third overall victory in a row. The official result is expected to be announced in about a month.

If Golkar triumphs as expected, there is unlikely to be any major change in foreign or economic policy. Some 82m voters went to the polls to elect 384 MPs, out of the 1,745 candidates put forward by the country's three main political parties—Golkar, the PPP, and the nationalist-Christian alliance known as the Indonesian Democratic Party, (PDI).

The remaining 94 MPs to make up the 460-member house will be directly appointed by the President, with most of them (75) allocated to the armed forces, which are not allowed to vote in an election.

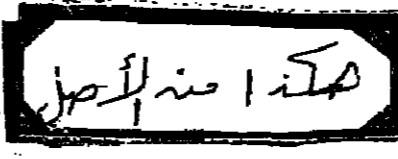


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# Reagan endorses compromise on black rights law

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

PRESIDENT RONALD REAGAN has quickly endorsed a Senate compromise on controversial legislation to protect the rights of black U.S. voters, which should ensure its passage later this year.

At issue is the 1965 Voting Rights Act, some sections of which expire in August. The Act is disliked by conservatives and some southern states, which feel it unfairly singles them out. Mr Reagan's past statements on its extension have sometimes been ambiguous.

Under the compromise agreed by a majority of the Senate Judiciary committee, the extended Act would prohibit voting practices that resulted in discrimination against blacks and other minorities in all states.

It would not, however, entitle minorities to automatic proportional representation in elected bodies, a development the conservatives had feared.

The standard set under the compromise proposal is considerably easier to back up legally than the one which has been in effect since a 1980 decision by the Supreme Court. The Court ruled that the law was violated only when state or local officials consciously intended to discriminate.

Until the Act was passed in 1965, some states used literacy tests and other devices to discriminate against black voters.

Mr Reagan announced his "heartfelt support" for the compromise shortly after returning to the White House from a helicopter trip to a working class area on the capital's outskirts. He visited a black family who had a Klu Klux Klan cross burned in front of their house five years ago.

Mr Reagan said the incident was "not something that should have happened in America."

The cross-burning came to Mr Reagan's attention on Monday after he read in a newspaper that the family had last week been awarded \$23,000 (£13,000) damages in a civil suit.

Mr Reagan was accompanied by his wife Nancy. They took a jar of what were described as "gourmet jelly-beans" for the couple's four-year-old daughter.

Meanwhile, it was reported that Mr Reagan was about to endorse a constitutional amendment dear to the Right which would authorise voluntary group prayers in schools in the public system. Such prayers have been banned since 1962.

# Mexican oil bribes claim

OUR WASHINGTON STAFF

AMERICAN federal grand jury is investigating charges U.S. oil equipment manufacturers have made large payments to officials of Pemex, Mexico's Government-owned oil company, the Washington Post reported yesterday.

The paper said court papers filed in Houston, Texas, revealed that the grand jury had already spent several years investigating the allegations, which involve millions of dollars. It was the first major criminal investigation under the 1977 Foreign Corrupt Practices Act.

The investigators were reported to be looking at a period in the late 1970s when oil prices were rising and U.S. companies

were seeking a share in the huge amounts of equipment Mexico was buying to provide a rapid increase in production.

The Post named one target of the investigation as a small Houston company, Crawford Enterprises. The company said that "despite vigorous and repeated denials of any wrongdoing in connection with these allegations, the investigation has continued now for nearly three and a-half years."

Crawford Enterprises specialises in gas compression, oil and gas production and transmission equipment.

The Post said that a number of other companies and individuals had provided the Government with information during the investigation.

# St. Lucia Government defeated at polls

By Tony Cozier in Bridgetown

THE UNITED Workers Party (UWP) which was defeated after 15 years in office in the 1979 elections, has been returned as the Government of St. Lucia with a landslide victory at the polls.

The UWP, led by Mr John Compton, who headed the Government from 1964 to 1979, won 14 of the 17 seats in the House of Assembly.

The St. Lucia Labour Party, which had formed the previous government, was returned in two seats. The Progressive Labour Party, a splinter group of the former governing party, gained the other seat.

Mr Compton's triumph reflected widespread public dissatisfaction with the bitter infighting of the former government. This led to the Government's fall two years before its five-year term of office had expired.

Mr Compton, whose party is strongly pro-Western and favours free enterprise, won his seat with a massive majority. The leaders of the two other parties, Mr Peter Josie, of the St. Lucia Labour Party, and Mr George Odium of the left-wing Progressive Labour Party, both lost theirs.

# Jamaican economy back in the black

By Canute James in Kingston

THE JAMAICAN economy has recorded a balance of payments surplus for the first time in eight years. The surplus of \$39m (£22m), was announced by Mr Edward Seaga, the Prime Minister and Finance Minister. The balance of payments in 1980 had a deficit of \$150m, Mr Seaga said.

Bankers in Jamaica have said, however, that the surplus was due to increased foreign borrowing last year by the Jamaican Government.

Jamaica borrowed \$514m last year, compared with \$235m in 1980. The increased borrowing, coupled with a 26 per cent increase in the value of imports and a 2 per cent increase in exports, created a current account deficit for last year of \$426.5m. The current account deficit in 1980 was \$148.1m.

# Amnesty offer to Salvador rebels

BY HUGH O'SHAUGHNESSY

PRESIDENT Alvaro Magana, the Salvadoran head of state newly elected by the 60-member Constituent Assembly, on Monday offered an amnesty to guerrillas willing to lay down their arms.

The new President appeared to hold out against any negotiations with the left-wing insurgents who have been waging a civil war in the country for more than two years.

It is not clear whether President Magana's offer differs in substance from that made

to the insurgent left on several occasions by former President José Napoleón Duarrie.

President Magana was cautious on the issue as to whether the Salvadoran armed forces would be controlled by the civilian political establishment.

"That's a difficult question," he said, "and one that should be addressed to the politicians. I'm not a politician. I'll try to get along well (with them). I'm sure we'll do that."

President Magana, a former

banker, was chosen by the assembly as being acceptable to the moderate right-wing Christian Democrats, who won 24 out of the 60 seats in the assembly, and to the Conservative Party of National Conciliation.

He was not, however, backed by the far right Arena party of the extremist Major Roberto d'Aubuisson.

The U.S. State Department has, meanwhile, rejected calls from U.S. Senators of both

parties to help in negotiations between the right-wing-dominated Constituent Assembly elected on March 28 and the insurgent FMLN guerrillas and their political arm, the FDR, or Revolutionary Democratic Front.

The Reagan Administration is still maintaining that the insurgents should not be coddled at the negotiating table what they were not able to win at the elections. The left boycotted the March elections.

# Moscow rules out meeting at UN

A SENIOR Soviet spokesman yesterday ruled out a United Nations meeting in June between Presidents Leonid Brezhnev and Ronald Reagan and said the Kremlin was holding out for a "prepared" summit in Europe this autumn. AP reports from Moscow.

The Soviet Union was waiting for "a clear and accurate reply" from the U.S. President on Mr Brezhnev's summit proposal, according to Mr Yuri Zhukov, the leading commentator of the Communist Party newspaper Pravda.

He said Mr Reagan's offer to meet Mr Brezhnev for a "chat" on East-West issues was unacceptable.

# Colina MacDougall reports on the U.S. vice-president's visit to Peking

# Bush seeks accord with Chinese

THE U.S. VICE PRESIDENT George Bush arrives in Peking today for five days of talks with Chinese leaders which are likely to focus mainly on the question of American arms supplies to Taiwan. This has severely strained the Sino-American relationship in the past few months.

This relationship survived a serious crisis in mid-April when, after months of on-off talks with China, the Administration sent to Congress for approval a \$60m proposed sale of aircraft spare parts for the Taiwan Government. The Chinese had threatened a "retrocession" in the Sino-U.S. relationship if the package was approved. This was widely believed to mean they would withdraw their ambassador from Washington.

In the event, the Chinese only issued a statement registering a strong protest but agreeing that the proposed American deal was only for spare parts. They also noted that the agreement of the deal had preceded what they see as an important turning point in the discussions, the meeting between President Reagan and Premier Zhao Ziyang at the Cancun conference.

Despite the row over this year's package, negotiating positions on the long-term question of sales have moved closer together in recent months. The Chinese have put forward a number of conditions, which include the following:

- A public U.S. commitment to end sales.
- A phasing down of the value of sales.
- A commitment that the quantities and quality of arms should not exceed those sold

already has a production line. The Chinese have, since their initial complaint last January, accepted that this represents adherence to previous levels of sophistication.

On the sovereignty issue, it is understood the U.S. has already proposed a formula more advanced than that in the 1972 Shanghai Communiqué, which initially set up low-level Sino-U.S. diplomatic relations. The Shanghai communiqué stated that "all Chinese maintain there is but one China and that Taiwan is part of China. The U.S. does not challenge that position."

This proposal of sovereignty was sent to Peking in mid-February, but the Chinese did not reply for some weeks. The invitation to Mr Bush suggests they are now prepared to go forward on the issue.

On all four points the U.S. can argue that it has gone some way to meet Chinese requirements, and it should not now be beyond the capacity of both sides to come up with a formula for agreement.

It is strongly in the Chinese interest to maintain full diplo-

matic relations with the U.S., if only for the reason that it needs its technology, particularly to exploit its offshore oil.

All Americans recently involved in discussions of any sort with the Chinese have pressed them to realise that the damage to relations caused by withdrawing their ambassador could not be limited to diplomatic affairs and might react on every kind of economic and cultural exchange.



George Bush: search for formula

'Bullet train' study

A 12-member panel of businessmen and Florida officials has launched a six-month study on the feasibility of using Japanese-style 200 mph "bullet trains" in the State. AP reports from Tallahassee.

A key issue for the Florida high-speed rail committee, appointed by Governor Bob Graham, is whether private investors probably foreigners, can be found to build, own and operate the \$1bn system.

Nestle commission

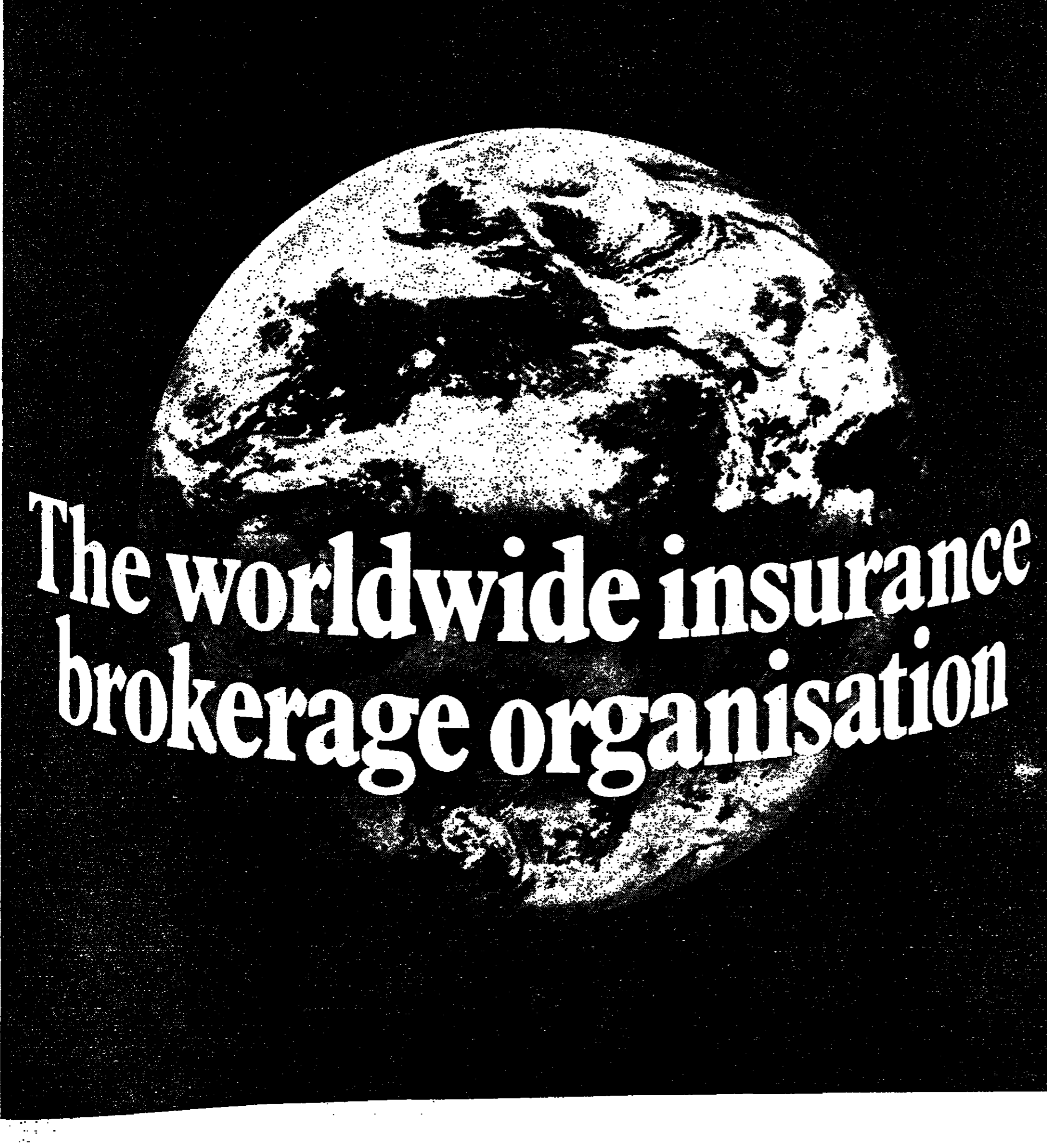
Nestle, the Swiss-based food company, yesterday named Mr Edmund Muskie, former U.S. Secretary of State, to head a seven-member commission it has formed to examine complaints about the company's marketing of infant food, reports Reuter from Washington.

In the past five years the company's marketing practices in developing countries have come under fire from consumer groups and clergymen, who alleged the company wrongly encouraged mothers to substitute infant food for breast feeding.

N-free town

Residents of a U.S. community 15 miles from the White House have voted to make their town a nuclear-free zone. Reuter reports from Garrett Park, Maryland.

The residents of Garrett Park voted 245-46 in favour of a resolution to ban the transportation, storage or manufacture of nuclear weapons within the town.



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# WORLD TRADE NEWS

## Italy worried by Libyan trade payment delays

BY RUPERT CORNWELL IN ROME

THE ROMAN authorities are increasingly concerned over delays by Libya in meeting its financial commitments to Italian exporters, which have created severe problems for a host of small and medium-sized Italian companies.

Since the start of the year, the backlog of repayments by Libya due, but not as yet fulfilled, for contracts and deliveries from Italian exporters is reckoned to be in excess of L1,000bn (£428m). Sums covered by SACE, the Italian export credit guarantee body alone, are understood to be around L200bn.

Various efforts by the Italian Government to settle the problem in recent weeks have come to nothing. At first, it was believed in Rome that bureaucratic hold-ups were to blame—Libya has recently declared that only state-owned companies are now permitted to place orders

abroad. But the Government now seems convinced that the true reason is political.

For that reason, substantial hopes are pinned on the forthcoming visit to Rome by a delegation from Tripoli headed by Major Jalloud, the Libyan Prime Minister.

The argument between the two countries seems to be primarily bilateral, and now appears to revolve around Libyan attempts to pressure Italy into stepping up its purchases of more costly Libyan crude oil.

Last year's export boom for Italian companies operating in Opec and Third World markets saw Libya become the fifth largest single market for Italian goods.

In return, Libya was providing in 1980 over 14 per cent of Italy's crude oil requirements. But importers, most notably AGIP, the state-owned petroleum concern controlled by ENI, later last year cut back heavily on its purchases of Libyan oil, because of its high cost compared with crude available on the open market.

Another apparent sign of Libya's intention to force the Government to order greater purchases by AGIP has been its withdrawal from plans for a Libyan financial group to go through with a \$500m rescue package for Maraldi, the troubled steel and sugar group at present being run by a government-appointed commissioner until its fate is decided.

A questionnaire circulated by Cifaustria, the Italian employers' association, revealed that 150 companies, with a total exposure of L800bn (£340m) were at present affected by Libya's delays in meeting its obligations.

## Canadians freeze £268m loans to Romania

By Victor Mackie in Ottawa

THE EXPORT Development Corporation of Canada has put on hold more than C\$600m (£268m) in loans promised to Romania to enable the Communist country to buy two 600 MW Canadian CANDU reactors, an official for the Government Corporation said yesterday.

The loans, which are crucial to completion of the Clna deal, will be held in abeyance until Romania sorts out its problems with the international banking community.

It is currently involved in talks with the international banking community to renegotiate repayments of some \$3bn of foreign debt for 1981-82.

The EDC official, M Jean-Guy Bigras, said the Corporation extended a C\$600m line of credit to Romania in 1979 to purchase the reactors.

Mr James Donnelly, President of Atomic Energy of Canada Limited (AECL), which markets the reactors, told a Canadian Parliament public accounts committee that he is concerned about the EDC decision because no orders can be met by Canadian suppliers until the funds are freed.

The international banking community has become increasingly concerned about Romania's public debt, which stands at more than C\$1bn, he said.

Lada Cars of Canada has submitted a proposal to Soviet export officials to build a car assembly plant in Canada.

Mr John Wright, Lada's marketing sales manager, said yesterday that company officials will meet with Soviet officials in Moscow late this month to discuss the proposal, under which Lada Canada would assemble Niva model cars in Canada.

At present, Lada Canada, based near Toronto, the sole Canadian importer and distributor of the Lada car, imports all its vehicles from the Russian car-maker.

Mr Wright said the company has identified sites in the provinces of Nova Scotia and Ontario as possible locations for such a plant.

William Chislett reports on restrictions in a once-open market

## Computer scramble in Mexico

INTERNATIONAL computer companies are scrambling to get up in Mexico under pressure from the Government which has told them to manufacture in the country or get out.

Some 40 companies have submitted manufacturing programmes to the Industry Ministry including IBM and the UK manufacturer, ICL, the largest in Europe. Proposals are mainly for micro and mini computers through joint ventures.

Only a year ago, the rapidly expanding Mexican market, which is one quarter the size of the entire Latin American market, was a paradise for companies. Import permits were easy to obtain, tariffs were not high and there were no quotas.

Imports of computer systems and peripheral equipment increased by 175 per cent in 1980 to about Pesos 5bn (£10m), according to the Industry Ministry.

But the once-open market is now very restricted. Import permits are hard to obtain and quotas are low, even for those companies which have submitted manufacturing plans to the Government.

The Government is monitoring those companies which have submitted proposals to make sure that they stick to their plans. Without a local integration plan, companies are finding it extremely difficult to do business.

A worsening trade deficit and the pressing need to create jobs, as well as a desire to be less dependent on foreign technology, have made the Government take a tough line, to the displeasure of some companies.

The small manufacturers fear they could be squeezed out by the computer giants.

The Government's very ambitious goal is to have local computer manufacturers supply 70 per cent of the domestic market within five years.

At the moment, Burroughs assembles magnetic core memories and NCR electronic cash registers. Modems, multi-

number of domestic producers. At the moment, there are only an estimated 10,000 computers installed in Mexico and the prospects for growth are alluring.

Mexico's banks, businesses and ministries are becoming increasingly modern in their outlook and anxious to improve their efficiency. For instance, Bancomer, the leading commercial bank, has a computer staff of over 200; large department stores have started to install automated transaction systems; and the Treasury is feeding data to its central processing unit in Mexico City from terminals at tax collecting points.

"Mexico is in a position to tell those companies which cannot stand the heat to get out of the kitchen," one computer executive said.

IBM, which has about 50 per cent of the market and is reported to be not too happy about the new development, first submitted plans for domestic assembly using components imported from its companies outside Mexico. This was not what the Government was looking for, however, and the company was told to submit a full manufacturing plan.

IBM is understood to have submitted a proposal to make its System 34 computers, which

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## HK company in 'phone venture

BY ROBERT COTTRELL IN HONG KONG

CONIC INVESTMENTS, the Hong Kong electronics company, has finished a deal to manufacture an innovative telephone and computer combined unit under contract to International Communications Technology of Luxembourg.

Mr K. M. Pang, the Conic general manager, said yesterday that the company has been working on the product for over

a year, using technology developed in California.

The unit includes a five-line television screen, a printer and a keyboard. It will have a price of \$400, and Mr Pang says Conic's contract is "opened" to produce as many of the devices as it can.

The company is now developing a new plant at Tai Po industrial estate in the New Ter-

ritories and hopes to be producing the units there at a rate of 60,000 per month by the year-end.

Meanwhile, Conic is developing a joint-venture factory in the Philippines to which it will transfer production of some of its existing lines.

The Luxembourg concern will market the device, along initially at the European market.

## Canberra will buy Lockheed Orions

THE AUSTRALIAN Government has formally announced its intention to purchase 10 P-3C Orions from the Lockheed California company.

The announcement was made by Mr James Killen, Australia's Minister of Defence, in the Canberra Parliament.

Last October the Royal Australian Air Force said it planned to purchase the anti-submarine aircraft for its maritime patrol force.

## Australia-NZ free trade area is predicted

BY MICHAEL THOMPSON-NOEL IN SYDNEY

THE DISMANTLING of all trade barriers between Australia and New Zealand has been predicted by Mr Douglas Anthony, the Australian Deputy Prime Minister, who is also Minister for Trade and Resources.

Mr Anthony also forecast cuts in levels of protection for Australia's manufacturing industry. Australia and New Zealand are at present holding talks aimed at liberalisation of trade

relations. It is hoped a new trade agreement will be in force by January 1 next year, if the talks succeed.

Australia recently overtook the UK as New Zealand's biggest export market. In the year to December 31, 1981, New Zealand's exports to Australia were worth NZ\$876m (£398m).

The new arrangements, Mr Anthony said, could form the basis for completely free trans-Tasman trade.

## Britain eases stance on import restraint

BY PAUL CHEERIGHT, WORLD TRADE EDITOR

THE UK Government's policy on import restraints is shifting away from a reliance on informal measures outside the system laid down in the General Agreement on Tariffs and Trade (GATT).

This easing of the British position became apparent yesterday when Mr Peter Rees, the Minister for Trade, spoke to the Trade Policy Research Centre in London.

He said that the Government is anxious to achieve more international "transparency" in the application of safeguards on imports taken in place of the

measures permitted under GATT's Article 19.

This Article, which has been relatively little used, provides for a government whose domestic industry is injured by a surge of imports to erect protective barriers. But such barriers should be tariffs rather than quotas and exporting countries should be compensated.

Instead, governments and industries injured by imports have tended to negotiate voluntary sales restraint agreements or orderly marketing arrangements. A

quarter of all Japanese sales in the UK are covered by voluntary export restraints.

There has been a proliferation of such agreements thought the international trading system in recent years, especially in the face of newly competitive sales by industrialising countries. The process has been called the "new protectionism".

Mr Rees's desire for more transparency suggests a move towards the U.S. position on the safeguards issue. The U.S. has suggested that the Gatt should establish a surveillance com-

mittee in order to bring the new protectionism under greater scrutiny.

Countries taking action outside Article 19 would be expected to notify the committee of the action taken and give an undertaking about how long the barriers to trade would remain in place.

Such a shift is consistent with the public statements emerging from Government Ministers about the future of the trading system, whose liberal bias it is considered in the UK's best interest to maintain.

## ENERGY REVIEW

# Disposing of the West's nuclear waste

By David Fishlock, Science Editor

DISPOSAL OF spent fuel was "perhaps the most difficult nuclear power issue facing our society in the 1980s," the European Nuclear Society was warned last week. Mr Tom Roberts, an industrialist from Tennessee appointed to the U.S. Nuclear Regulatory Commission (NRC) last summer, found that his audience could not have agreed more strongly.

Yet a paper from Britain's Department of the Environment described how the UK had re-ordered its priorities about nuclear waste after making an inventory of the radio-active wastes already in store and expected to accumulate over the next two decades. The highly radio-active liquors remaining after the reprocessing of spent nuclear fuel—once widely regarded as the biggest and most pressing waste problem—are being given a much lower priority, at least in terms of arranging their ultimate disposal.

The apparent contrast between these perceptions gives some inkling of the intricacy of the international nuclear waste management problem. Mr Roberts believes that not before 1987 will the U.S. have a programme for permanent disposal of nuclear wastes "approved by all cognisant agencies." His few months in Washington have already given him a vivid idea how slowly things are moving in the U.S. nuclear industry where he found it takes 12-15 years from initial planning to full-power operation of a new reactor. Other countries, such as Japan, can do it in one-third of the time, he says.

For this reason the suggestion of Mr Kenneth Davis, deputy secretary at the U.S. Department of Energy (and front-runner to succeed Mr James Edwards as Energy Secretary shortly), that Barwell SC will soon be brought into operation as a reprocessing plant for commercial nuclear fuel is greeted with frank scepticism. The industry has a decade of bitter experience of how effectively politicians—and the NRC itself—can hamper nuclear progress.

Barwell, long-finished and tested, is required both to help clear mounting stocks of radio-active spent fuel from 73 U.S. reactors in operation, and to separate plutonium, plutonium, depicted by those opposed to nuclear energy as the ultimate horror in nuclear wastes because of its toxicity and its potential as an explosive, is regarded by industry as a valuable fuel. The U.S. Govern-

Table 1: Britain's Civil Plutonium Stockpile

	tonnes Pu
In stock (as mixed U-Pu oxides)	14.5
In Magnox reactors (as fuel)	8.5
In spent fuel cooling ponds	3.5
In chemical process plant (Pu-nitrate)	0.5
Leased to UK Atomic Energy Authority for fast reactor development	5.5
Exported for fast reactor R & D	0.5
TOTAL	33.0

Table 2: Britain's Nuclear Waste

TYPE	DESCRIPTION	CUBIC METRES PER YEAR TO END-CENTURY (AVERAGE)
Low-level	Trash that may be contaminated with traces of radio-activity	20,000
Medium-level	Radio-active solids and sludges	2,000*
High-level	Radio-active liquors from reprocessing	50†

\* Includes 400-500 tonnes per year currently dumped at sea. † Reduces to one-third volume when vitrified. Source: Department of the Environment



DR MICHEL PECQUEUR re-use in present reactors

because of the high level of security needed—it would be preferable to re-use the plutonium in present French reactors.

The appeal of "plutonium recycling" in thermal reactors is still strong in several countries. This was clear from the conference, despite the conclusion of the U.S.-inspired International Nuclear Fuel Cycle Evaluation (INFCE) in 1980, that plutonium recycling could seriously increase the risk of plutonium weapon proliferation for no dramatic economic advantage.

As Mr Davis expressed it, "It'd hate to throw away fuel with 40 per cent of its energy still in it."

In Belgium, for example, Belgonucleaire has been operating a plutonium fuel-making factory at Dessel since 1973. The factory operates under international safeguards exercised by the International Atomic Energy Agency, which add 10-12 per cent to the cost of the fuel, it reported.

West Germany also remains enthusiastic about plutonium recycling. Dr Hans-Hilger Haunschild, permanent secretary at the Ministry of Research and Technology, says his country might also find it useful to recycle plutonium because of a delay in introducing commercial fast reactors. Nuclear energy must not lose its long-term perspective, namely, the

view. Although in the short-term it is sending spent fuel to Britain and France for reprocessing, its long-term intentions are to store it, in a reprocessed, in a novel facility called CLAB that it has just begun to construct. Current plans call for the permanent storage of about 6,000 tons of highly radioactive spent fuel, compared with 867 tons for which it has negotiated reprocessing contracts overseas.

Mr Erik Sventke, president of the Swedish Nuclear Fuel Supply Company, which is building CLAB, believes that if his company can show that it can store spent fuel safely on a long-term basis, then this will be "proof that less demanding radioactive residues can also be safely disposed of."

Official British and French opinion is already firmly convinced that reprocessing eases the problems of nuclear waste management. But whereas public opinion had got the idea that highly radioactive waste was the biggest problem, an inventory of the radioactive waste accumulating in Britain to the end of the century put figures to nuclear industry claims that low- and medium-level radioactive waste was the more urgent problem, because of the much larger volumes. Table 2 indicates the scale of the problem.

The UK Government is preparing a White Paper for publication later this year, which will show that Britain must invest in four or five major new facilities for the disposal of nuclear waste by the end of the century. The first will probably be a larger vessel for sea-dumping, together with dock facilities capable of handling bigger packages. The next will be a shallow trench to store short-lived radioactive wastes at a depth of 20 to 30 metres.

Later decisions will include a large repository, about 300 metres deep, to take medium- and low-level wastes permanently, which will be needed by about 1990. Some drilling for such a repository has already been done in clay deposits at Harwell.

But no final resting place for high-level wastes will be needed in Britain within the timescale to be embraced by the White Paper. The highly radioactive reprocessing liquors are to be turned into glass by a continuous casting process and stored above ground for 50-100 years while they "cool" in activity when they will become much easier to contain safely in a subterranean repository.

Scaled down to more modest proportions

fast reactor and plutonium utilisation, he told the conference.

Dr Haunschild said West Germany had begun a "slow but steady process in the revitalisation of the nuclear option" after the "many, often violent" demonstrations of the 1970s. Focus of some of the most vehement demonstrations in Germany were the ambitious plans for a large facility at Gorleben for storing spent fuel, reprocessing, fabricating new fuel and permanently storing radioactive waste.

For the time being, these plans have been scaled down to more modest proportions. But Dr Haunschild reported that construction work on a new central facility for storing spent fuel at Gorleben had begun together with exploratory drilling for a repository for highly radioactive waste.

Sweden has taken a different

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Bank of the East	13%	Demand deposits 10 1/2%	
Bank of the East	13%	Mortgage base rate.	



UK NEWS

Growth forecast for natural gas industry

BY RAY DAFTER, ENERGY EDITOR

BRITAIN'S natural gas industry is set for a major expansion, according to officials of the International Energy Agency.

Mr Fred Gorbet, director of the agency's long-term co-operation office, said in London yesterday that the UK was one of the countries in the developed world with an ability to increase natural gas output over the next 20 years.

Natural gas could play a critical part in reducing the West's dependence on crude oil, he said. There was a possibility that the UK could develop its gas reserves fast

enough to consider exports in addition to satisfying domestic demand.

Mr Gorbet said the agency was encouraged by steps being taken by the Government to encourage gas exploration and development in the North Sea. Mr Gorbet was introducing an IEA report which criticises the monopoly buying position of British Gas Corporation. The report says the monopoly position of the State-owned corporation has led to low prices being offered to producing oil companies. With other problems, such as financing, this

had led to a collapse of the government-sponsored gas-gathering system and an unwillingness of producers to develop a number of fields.

The agency, which represents most of the countries in the Organisation for Economic Co-operation and Development, adds that the monopoly power of British Gas has inhibited exploration. This, in turn, may have led to unduly conservative estimates of undiscovered reserves.

Mr Gorbet said the agency was pleased that the Govern-

ment had introduced legislation to break the Gas Corporation's monopoly rights. This should encourage exploration and production.

The report estimates that UK natural gas production, which totalled 37.3bn cu metres in 1980, could rise to 42bn cu metres by 1985 and 40bn-44bn cu metres in 1990.

Even in the year 2000, UK output of natural gas could be more than today's—between 36bn and 48bn cu metres a year.

On the other hand, gas production by OECD nations as a

whole is expected to remain fairly static over the next 20 years. Compared with the 1980 level of 835.4bn cu metres, output is expected to be 785bn-988bn cu metres in 1990 and between 706bn and 1,066bn cu metres in the year 2000.

Gas consumption within the OECD countries is expected to rise from 900bn cu m in 1980 to 1,010-1,235bn cu m at the turn of the century.

The report shows that Western Europe is likely to become increasingly dependent on gas imports, particularly from countries outside the OECD

Justices approve new casino for London

By Duncan Campbell-Smith

LONDON'S FIRST new casino since 1978 was given the go-ahead by the South West-minister licensing justices yesterday. It should open later this year in Park Lane's Hilton Hotel.

The justices approved the casino, which will be managed by Grand Metropolitan's Mecca Sportsman subsidiary, at the first of a long series of gaming licence hearings which will continue intermittently until July.

There was standing room only in the Norfolk Room of London's Caxton Hall where the magistrates were sitting. Among the rows of soberly dressed observers were Mr Gwyn Ward Thomas, chairman of Trident Television, and a number of other directors of that company which awaits a decision on gaming licences for the Playboy and Clermont clubs.

The clubs which Trident acquired from Playboy Enterprises of the U.S., in December, have been closed since February 15, awaiting the present hearings.

The Hilton casino's case took up most of yesterday's hearing. Mecca Sportsman only a licence for its latest year but by giving an undertaking to surrender the licence of Casanova Club, another Mecca casino, in exchange.

The company yesterday said things were very different precisely as a result of the closure of the Playboy and the Clermont.

The had given rise to an unmet demand for new facilities, said the company's counsel. The company sought renewal of the Hilton licence and a release from the company's earlier undertaking.

A lengthy discussion ensued about the level of demand for gaming in Mayfair and London generally. The implications for the Trident hearing hung almost visibly in what little air there was in the crowded room.

The gaming board's written advice to the justices on this question seemed singularly Delphic. On purely statistical grounds, said the board, there was no basis for granting any additional licences. An uneven distribution of the licences over London, however, meant there may be room for one or two more.

There were other factors for consideration. The Mayfair residents' association, objecting, said that taking of the undertaking amounted to an "act of stealth".

But matters appeared to stand or fall on the demand question and Mecca brought forward elaborate market study charts to illustrate its case.

The justices accepted its argument and, renewing the Hilton licence released the company from the Casanova undertaking.

The Playboy case was adjourned until Monday, though not before the bench heard of two objections to the licence application. One came from the residents of Mayfair... the other from Mecca Sportsman.

Energy Minister defends North Sea oil tax system

A SENIOR energy Minister yesterday defended the North Sea oil taxation system against industry claims that it was too harsh.

"The regime is fair and economically justified," said Mr Hamish Gray, Minister of State for Energy, during a visit to the offshore technology conference in Houston, Texas.

"I believe that we have achieved a reasonable balance between the nation's share of revenues from an irreplaceable national resource and the right of countries to a fair return on their high-risk investments."

During the past few weeks oil companies and their main representative body the UK Offshore Operators Association, have

Contractor seeks an early finish for rig

BY MAURICE SAMUELSON

WORK ON the major underwater part of the Maureen oilfield's production platform, to be operated by Phillips Petroleum, may be completed by December instead of next spring, as originally intended.

Ayrshire Marine Constructors of Hunterston, near Glasgow, hopes to complete the Maureen platform's steel foundations early to strengthen its bid for further work to help keep its yard open.

Last week, AMC applied to build a platform for the British Gas Corporation's Morecambe Bay gas field. Lack of orders for the period

Marks and Spencer moves into millinery

By Anthony Moreton, Textiles Correspondent

MARKS AND SPENCER has moved into millinery. It started selling women's hats on a trial basis in about half a dozen stores just before Easter and the result was so successful that about 50 outlets are now involved.

The range is at the moment limited to a couple of summer straw hats, a peaked cap and one or two other designs. Prices vary between £3.99 and £7.50.

For the autumn the intention is to extend the range considerably, taking in felt fedoras and mounded hats.

The Princess of Wales has been very strong on the millinery trade in the past few months. Since her engagement last year the princess has worn a wide variety of hats and this has stimulated buying among young women.

Nearly all fashion shows now include either a range of hats or feature models wearing them.

The move into hats, which Marks and Spencer has not featured for many years, is one of several new lines it is selling.

Bedding plants are being sold in 25 stores on a trial basis following the success of pot plants. Other new lines include pine kitchen clocks and picture frames.

Floating crane to lift Tudor warship wreck

By Maurice Samuelson

A MAN-MADE "monster" now in a Scottish Loch will have the distinction later this year of lifting the Mary Rose, King Henry the Eighth's prize warship, from the bed of the Solent, where it has lain since 1545.

The "big lifter" has been offered for the job by Howard Doris, its owner, which runs the offshore construction yard at Loch Kishorn, on Scotland's North-West coast.

Capt. Manfred Krebs, its West German skipper, has told the Mary Rose Trust that the floating crane, the largest of its kind in the world, is ready and able to do the job. It weighs 5,479 tonnes and has a lifting capacity of 900 tonnes. The Mary Rose weighs about 600 tonnes.

Before reaching the Solent in August, the Mary Rose will be towed to Norway to help to assemble the loading buoy for the Statfjord "B" field.

Like some other large companies, Howard Doris is understood to be giving its services free to the Mary Rose recovery team. The job could have cost £300,000.

It paid £5m for the Mary Rose, which was built in Hamburg last year by Blohm and Voss.

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Last week, AMC applied to build a platform for the British Gas Corporation's Morecambe Bay gas field. Lack of orders for the period

following completion of the Phillips contract recently prompted it to issue precautionary redundancy notices to 320 of the 1,050 site workers.

British gas is also believed to have invited tenders for the 7,000-tonne jack-up rig—with accommodation for 200 people—from Howard Doris of Loch Kishorn, Cammell Laird of Morecambe and UIE of Clyde Bank.

The Maureen field, 163 miles North East of Aberdeen, is being developed by Phillips at a cost of £700m (£1.25bn). When it comes on stream in 1984 it should yield up to 72,000

barrels a day from its estimated recoverable reserves of 150m barrels.

Before going out to the oilfield, the underwater structure will be towed north from Hunterston to Loch Kishorn, opposite the Isle of Skye, where Howard Doris is constructing the production platform's upper deck section.

The two sections, weighing 110,000 tonnes, will be "mated" together in the Loch's deep water and then towed to the field, where they will be lowered on to a template on the seabed, through which the oil will be extracted.

Later this month the

British Rail presses on with APT tests

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

THE DISASTROUS debut of British Rail's Advanced Passenger Train (APT) into passenger service last December has made BR coy about the precise date of its reintroduction on the London-Glasgow route.

BR maintains that it intends to bring one or two of its three prototype APTs back into service later this year and vigorously denies reports that it is on the point of abandoning the APT project altogether.

Since December, BR design engineers have had to incorporate important technical weaknesses became all too evident when the train was in service—the tilt mechanism and the conventional brake system.

The modifications on one of the APT prototypes have been completed and the train is being used on simulated passenger runs on the London-Glasgow route.

But to try to resurrect the APT service at this stage would be to court the problems of a few months ago when delays and breakdowns were making a mockery of BR's claims to be running a regular APT service.

The bitter winter weather was a major contributing factor to the problems but BR admits that there are still too many failures on the APT's test runs to put it into service with any confidence.

In retrospect, BR says it underestimated the amount of work needed to adapt three prototypes into three passenger trains. But it has learned a lot from what turned out to be experimental runs, and even the next stage of the APT passenger service will be regarded as experimental.

Certain engineering features of the APT have been dropped. They include the hydrokinetic braking system, which would have been necessary if the APT was to run at its capacity of 155 miles an hour. But condi-

tions such as other traffic on the route mean the APT will not run at more than 125 miles an hour.

The shared bogies have proved highly inflexible when a coach has had to be taken out of service. The coaches will be replaced by ones with self-steering characteristics to ensure a smooth ride.

Features remaining in the APT are the coach-tilting mechanism which enables the train to take curves at high speeds, and the lightweight construction which puts the APT into the low energy consumption bracket.

BR believes this unique solution to the problem of running trains at high speeds without laying special tracks will eventually go into production as the train for the 1980s and 1990s.

The uncertainties about BR's financial future, and the pace at

Ernie prizes

WITH THIS month's Premium Savings Bond draw, the total value of prizes awarded by Ernie will exceed £1bn.

The 101,685 prizes to be drawn in May at the Bonds Office, Lytham St. Annes, will be worth £8,679,350, bringing the grand total of prizes awarded since 1956 to 20,157,240 value £1,003,276,300. Results of the main monthly draw will begin tomorrow with the announcement of the £250,000 jackpot prize.

BR says, for instance, that it would like to modify the APT so that all the necessary power units go into the first vehicle of the train, but says that this is beyond its resources at present.

The rate at which the APT goes into production will also depend heavily on the investment resources available to BR in the future.

In the meantime, the board of BR will be asked to approve the development of a new electric locomotive, enabling an electric version of the diesel-powered High Speed Train to go into service. This would act as a stop-gap until the APT was in full production.

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A prospect of upset in Lothian

THE MOST keenly-awaited election result in Scotland this week will come from the Lothian region, scene of one of the biggest battles over local government spending in Britain.

It is the one Scottish region with the prospect of a political upset, and also the one where the Social Democratic-Liberal alliance hopes to make the most impact and could even hold the balance of power.

A new fight with Mr George Younger, the Secretary of State for Scotland, over local government spending, which central government feels to be excessive and unreasonable, has added to the drama.

Scotland has nine regional and three island councils, with 430 seats in all. The Western Isles, Shetland and Orkney—as well as the Highland, Borders and Dumfries and Galloway regions—are represented mainly by independents. Only a few councillors are of the main political parties.

Labour dominates the most populous regions—Strathclyde, Lothian, Fife and Central—while the Conservatives run Tayside and Grampian.

Of the 430 seats, 291 are not being contested. There are 322 Labour, 298 Conservative, 267 Scottish Nationalist and 236 Alliance candidates competing—as well as other independents and members of special pressure groups—seeking the Alliance.

The strength of the Alliance may alter slightly the political complexion of Fife or Strathclyde. But the most important fight is in Lothian—a deep band of territory along the Firth of Forth, east and west of Edinburgh. It involves all the council's 49 seats.

Labour now rules with a majority of one. It is contesting all the seats, the Alliance and the SNP 48, the Conservatives 41. The addition of other

The key result in Scotland's local elections this week will be from Lothian. Mark Meredith reports on a spending battle

interest groups makes for 203 candidates in all.

Labour's spending plans are the key issue. The party's local government economics impinge on other councils, too, but none of them has thrown down the gauntlet to central government, as has Lothian.

Although it has the blessing of the Labour party in Scotland, the Lothian leadership's front-line attitude to its expenditure last summer, when councillors saw the region as a test case for local government spending throughout Britain, worried many local Labour politicians.

Lothian's head-on clash with

The key result in Scotland's local elections this week will be from Lothian. Mark Meredith reports on a spending battle

Lothian lost its battle last year when, by cutting the rate support grant, Mr Younger forced the council to axe £30m from proposed expenditure.

Labour insists it has wide public support for maintenance of its level of public services. It is determined to keep a tradition of extensive community services, cheap public transport, a low pupil-teacher ratio—and to protect council jobs.

Last year, despite Labour's warnings of extensive job losses, the £30m cut had little impact on the 33,000 Lothian council workers.

This year, says Mr Eric Milligan, the region's financial chairman, the loss of £45m from the rate support grant would have a devastating effect on jobs. Councils in Scotland are not allowed to raise supplementary rates and many of them complain of being increasingly hamstrung by central government.

Labour has called Mr Younger's threat an abuse of power and a threat to local democracy.

A Labour victory would be a significant blow to Mr Younger's well-orchestrated drive against the level of local government expenditure. But the party's slim majority, of its opponents and changes in local leadership may tell against it.

Two senior members of the Labour front bench, convenor John Crichton and Mrs Phyllis Herriot, the party leader, are on the council, are not running. They had given weight to the Labour cause and helped to dampen fears that tactics and policies were becoming extreme.

The Conservatives and the Alliance have both attacked Labour spending. Mr Brian Meek of the Conservatives has promised "an end to the great rates robbery" and his party

Prince opens £17m Babcock plant

By David Fishlock, Science Editor

THE 50-TONNE nuclear pressure vessel for a new pressurised water reactor under construction in Scotland was shown to the Prince of Wales by directors of Babcock International yesterday.

The vessel is one product in a £17m machining and assembly shop at Renfrew which was opened by Prince Charles.

The almost-completed pressure vessel is the prototype for Britain's Trident submarines and a future generation of nuclear-powered hunter-killer submarines for the 1990s.

It is the first FWR vessel Babcock has designed and ordered by the Navy for PWR 2, Dounreay, North Scotland. Its new shore-based reactor at

The vessel has been designed to meet the latest British requirements for pressure vessel safety and inspection.

Later this year Babcock will ship the finished vessel to Barrow for assembly into a complete reactor.

The first Trident nuclear propulsion system is scheduled to be shipped to Dounreay as a complete 1,600-tonne assembly in 1984. The vessel has been made by Babcock Power from three alloy steel forgings purchased from Crenset Loire in France.

The prince was also shown part of contract worth £50m for critical components for advanced gas cooled reactors under construction at Torness in Scotland and Tysidam in Leicestershire.

Sir John King, chairman of Babcock International, said the new investment, made during a period of recession, had given the company the "best factory in Europe".

Sir John described it as a "transformation in working environment" for the 400 employed in the new facility.

The building, 600 ft long, with three bays, each 100 ft wide, accounts for about half of the total investment. Inside, 64 machine tools—mostly computer numerical controlled—replace 120 required before, and give an estimated 30 per cent increase in output.

Mr Jimmy McIntyre, the manager who planned the investment, said it represented the first phase of a prospective £70m manufacturing investment at Renfrew, in a factory planned to make about 4,000 Mw of capacity of steam-raising plant a year.

Renfrew, the biggest of Babcock's manufacturing plants in Britain, has increased its exports from about 10 per cent of turnover in the mid 1970s to 60 per cent of turnover today.

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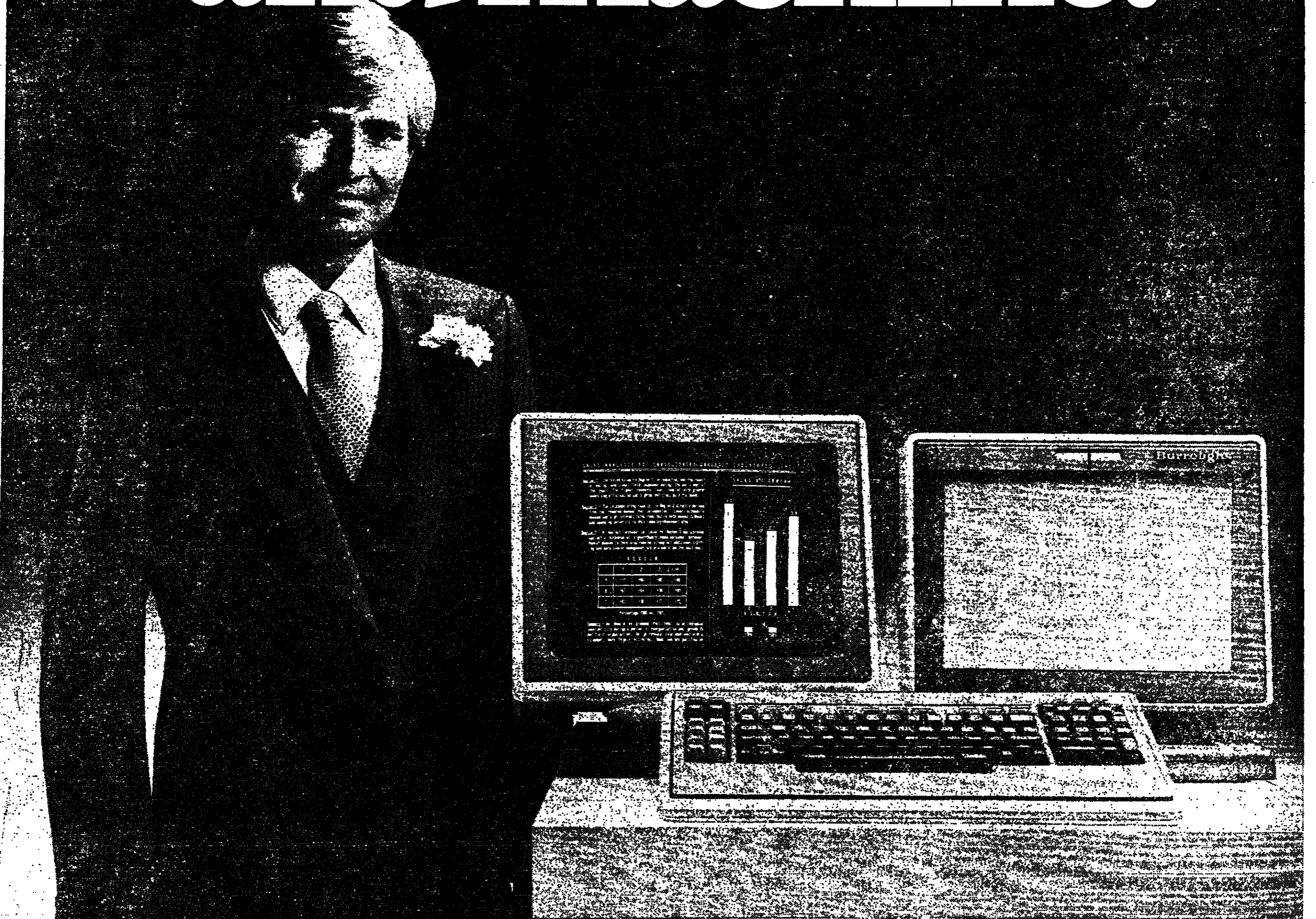
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Local decisions 82 LOTHIAN logo

has pledged "return of money to the rate-payers." If there is no radical shift in voting patterns, Labour and Conservatives might take 21 seats each, giving the balance of power to the occupants of the remaining seven seats. The Alliance may hold that balance. The Alliance is headed in Lothian by Mr Peter Wilson, a former Labour Convenor who quit the party in March because of the row over spending and became the sole Social Democrat in the chamber. The Alliance hopes for between six and 14 seats and talks of coalition.



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**Burroughs**

UK NEWS

Moves to revive failed carpet company

By Mark Meredith, Scottish Correspondent

MR JOHN LOGUE, a Stroud businessman, hopes to put the BMK carpet company with its jumping lamb symbol, back on its feet after the receiver was called in last October.

The Kilmarnock-based company will be producing carpets in a recession and in the face of huge imports from Belgium and the United States, but with just over one-fifth of the staff and an eye to export markets.

Blackwood Morton and Sons, which employed 1,500—most of them at Kilmarnock, south-west Scotland, collapsed after a pre-tax loss of £1.34m in the year to December 1980. Half of the company's shares were owned by the Morton family.

Among BMK's problems were its concentration on Axminster carpets, a type of woven carpet allowing for many colours and patterns. Only 15 per cent of its output was in tufted carpets, which have the pile planted into a synthetic base and are cheaper to produce.

**Problems**  
The home market has tilted heavily in favour of tufted carpets which were being imported widely. Only 15 per cent of BMK's products were exported.

Mr Logue believes managerial problems were behind the fall of BMK. "It could have been saved 12 months ago," he said.

Mr Logue plans no radical changes in BMK's product range, maintaining the production of Axminsters and producing up-market tufted carpets rather than more popular, cheaper ones. The big changes will come in management and production.

BMK's main difficulty was its "vertical integration," Mr Logue says. "It imported wool from New Zealand and jute from Bangladesh and processed its own jute and spun its own yarn when these products could have been brought in cheaper from outside. It did everything in-house and there were losses in every department."

The jute and spinning sections of the company will not be started again.

Instead of a staff of 1,500, Mr Logue feels 940 people will be enough to produce the same number of carpets.

**Rescued**  
Despite weak domestic demand, BMK's new owner believes he knows of export opportunities in the U.S. and the Middle East. The company is to introduce some new designs shortly.

Mr Logue describes himself as an entrepreneur. He has rescued other companies, notably his SAP plant handling concern in Stroud which produces machinery, largely for printing equipment.

He took an interest in BMK after seeing an advertisement placed in a newspaper by the Receiver, Deloitte Haskins and Sells.

The major share of the estimated £4m purchase price comes from Mr Logue, and the rest from bank loans and friends and business associates.

The Scottish Office refused to change its original position and give Mr Logue grant aid but the Scottish Development Agency has purchased the plant and is leasing it back to the new owner.

BL brings back MG badge after two years

John Griffiths reports on the launch of a performance Metro

BL TODAY revives the MG marquee, nearly two years after the last "traditional" MG sports car came off the production line at its now-closed Abingdon plant.

The badge goes on yet another version of the Metro—the third to be launched this year—which has a more powerful engine, a revised interior and external embellishments such as wide alloy wheels and rear spoiler, regarded as the necessary accoutrements for capturing a slice of the expanding small "sports" hatchback market.

BL's volume car division, Austin Rover, expects to sell 8,500 in the UK this year, representing 9 per cent of predicted total Metro sales.

BL expects that at least 50

per cent of MG sales will be incremental, unlike those of the top-of-the-range Vanden Plas Metro launched in April. It acknowledged last month that four out of five Vanden Plas cars were probably bought as substitutes for other Metro models.

BL's prediction about MG sales is based on the fact that it has not had a small performance car since the demise of the Mini Cooper S about 10 years ago and on its belief that former MG enthusiasts will again become purchasers.

Closure of the Abingdon MG plant was strongly opposed by the MG Car Club and the MG Owners Club. The owner's club made an unsuccessful attempt to acquire Abingdon from BL.

Speculation shortly after the closure that the MG badge would find its way on to a BL saloon was met by both organisations in an at best lukewarm response. Austin Rover now appears to have won them over.

Both Mr Bill Wallis, chairman of the MG Car Club and Mr Roche Bentley, the owners' club founder, are to take delivery of MG Metros, and Austin Rover quotes both in its launch material praising the car's abilities.

Mr Wallis's hope that "we will go on to see many more MG models" is expected to be borne out later this year through the launch of an MG Metro fitted with a turbocharger.

The MG is to be launched in Continental markets at the end of the month. BL has set no firm sales targets, but expects it to take roughly the same proportion of Metro sales as in the UK. A total of 65,000 Metros are expected to be sold on the Continent this year, and BL is hoping to reach the 100,000-a-year mark.

In the UK, the MG is expected to reverse some of the shrinkage in Metro market share since the beginning of the year. The range accounted for 74 per cent of the new car market in 1981 but slipped to 69 per cent in the first four months of this year. Last

month output was cut at the Longbridge plant, with 500 jobs lost, although Austin Rover said at the time this was mainly due to higher than expected efficiency leading to over-production.

There are no plans to sell the car in the U.S. formerly by far the biggest MG market, which took 80 per cent of output.

The MG Metro has a claimed top speed of 101 mph with 0-60 mph in 10.9 seconds. It is also claimed to be more economical than the standard 1.3 litre car at 75 mph, with just over 39 mpg. It is to retail at £4,798. This compares with £4,895 for the Ford Fiesta 1.3S and £5,150 for the Fiesta XR2, its principal rivals. The MG's performance is mid-way between that of the two Ford cars.

Midland offers cash/card account

BY WILLIAM HALL, BANKING CORRESPONDENT

MIDLAND BANK has introduced a new type of account which pays interest on deposits and provides round-the-clock access to cash through cash dispensers. The move is intended to capture savings deposits from the building societies and attract the 50 per cent of the UK population without bank accounts.

The new service, known as "Readicash," is aimed at people who prefer to deal in cash rather than use cheques. Customers are issued with a plastic "Readicash" card, which can be used at any of the bank's 540 cash dispensers.

Customers pay as much money

as they choose into the account whenever they like. Wages can be paid directly into the account and customers can withdraw any amount up to an agreed weekly limit.

Customers will be paid interest at 1 per cent below the bank's seven-day deposit rate, which works out at a current rate of 9 per cent. Interest is credited quarterly.

Regular bills, such as TV rental and insurance, can be paid through "Readicash," either by standing order or direct debit. Overdraft facilities are not provided.

For the first year the account will be free, but there will then be a charge of £5 per quarter

regardless of how often the account is used. Customers will be able to check the balance in their account via the cash dispenser display screen, and they will get a detailed monthly statement.

Midland says that "even though the use of cheque and plastic payment cards is growing rapidly, there are a lot of people who prefer to deal in cash. We believe a Readicash card will be of benefit to them."

The service is on a six-month trial in six provincial cities—Newcastle, Bristol, Leeds, Liverpool, Middlesbrough and Southampton.

Midland is the first English clearing bank to run such a service, but the Royal Bank of Scotland has been running a similar scheme—the Cashline deposit account—for more than a year. This service developed from the old pass-book savings account. It provides customers with instant access to cash, pays between 8 and 10 per cent interest and provides facilities for paying standing orders.

The Royal Bank's Cashline account has proved a success, with nearly a quarter of a million customers using it, and up to £3m a day being dispersed through the bank's cash dispensers.

Steel sales in sight of upturn, says stockholder

By Mark Webster

SALES IN Britain's steel stockholding industry, regarded as a key indicator in the economic cycle, should pick up towards the end of this year, according to Mr Richard Rawlings, director of the National Association of Steel Stockholders.

Mr Rawlings said that although market conditions were still tough, things were "a great deal better than at this time last year" and he showed guarded optimism about the future.

Mr Rawlings said he expected an increase of 5 or 6 per cent in the volume of sales handled by NASS members over the next year and some improvement in profitability. "There is evidence in our industry that there is a slight export-led recovery. We are through the worst and it should start to get better in the autumn."

NASS members handle about 85 per cent of the steel going through stockholders in this country, the association estimates. In the UK more than 50 of all steel sold passes through stockholders.

Mr Rawlings said that increased sales would come from both an overall increase in demand and a steady increase in the market share of stockholders. He said NASS members had increased their market share in the recession despite exceptionally difficult trading conditions.

The increase was due partly to a growing awareness among hard-pressed manufacturers of the importance of improving stock control. This would stand companies in good stead once the upturn came, Mr Rawlings said.

EEC price controls, introduced last July, have been well received by stockholders, who see them as an important element in restoring price stability in Europe. Steel stockholders selling more than 12,000 tonnes a year have to produce a price list, which is open to EEC inspection, and stockholders' margins have increased by an average of 20 per cent since the measure was introduced.

The EEC is expected to agree to a change in the legislation this month which will lower the limit for companies which must produce price lists from 12,000 tonnes to 6,000 tonnes for general steel and 3,000 tonnes for special steels.

Metro owners offered standardised insurance

BY JOHN GRIFFITHS

A STANDARDISED insurance scheme under which BL Metro owners would pay the same premium, irrespective of whether they drove the base 1.4-litre City model or the MG sports version, is being launched today through the BL dealer network.

The scheme, Metroinsurance, has been devised by Insurance UK and is underwritten by British Reserve Insurance. BL says it could save up to 55 per cent on current average premiums.

The variables in arriving at a premium take in three geographical areas, three age

bands and two levels of no-claims bonus.

Savings on premiums derive largely from the associated reduction in administration. Under the scheme, a driver, aged 30 or more, living in a rural area and with a three years' no-claims bonus would pay £55 for a comprehensive policy.

An 18-year-old with no no-claims bonus, living in central London, would pay £270. Because the policy applies to any of the Metro range, the insurers do not need to be notified when the owner changes cars, as long as it is to another Metro.

BCal expected to win London/LA licence

BY MICHAEL DUNNE, AEROSPACE CORRESPONDENT

BRITISH Caledonian Airways, the UK independent airline, seems likely to win its bid for the licence to fly between Gatwick Airport (London) and Los Angeles.

It was revealed yesterday that British Airways, the other major UK airline on the route, flying from Heathrow, had withdrawn its objections to the British Caledonian application.

In the absence of other objections to the route—the Air Transport Users' Committee has made "representations," but these are understood not to be objections—the Civil Aviation Authority seems likely to issue the licence to British Caledonian soon.

The route was originally flown by Laker Airways, which collapsed in early February, thereby threatening to create a vacuum on the route this summer.

British Caledonian, however, has a temporary permit from the Department of Trade and the Civil Aviation Authority, pending the issue of a permanent licence. Its flights begin on May 21.

The basis of British Caledonian's case for permanent rights to the route is that traffic available on it is sufficient to support two British airlines—its own and British Airways—as well as two U.S. airlines—Pan American and Trans World Airlines.

British Caledonian, which in the early 1970s flew the route before it was awarded to Laker, believes that it can make a profit on it.

The Civil Aviation Authority has set aside Thursday morning for a public hearing at which British Caledonian will state its case, and the Air Transport Users' Committee will submit its representations.

The Concorde supersonic airliner is unlikely to be cancelled as a result of the Ministerial meeting on the programme to be held in Paris tomorrow.

Mr Norman Lamont, Minister of State in the Department of Industry, and Mr Charles Fitterman, the French Transport Minister, will be studying the latest figures on continuing to support the aircraft.

The UK Government is expected to press for an increase in the French contribution.

Rolls-Royce plans new Viper engine

ROLL-ROYCE is working on a new version of its successful Viper small turbo-jet engine, designed for new advanced trainer and light combat aircraft.

and will have 14 per cent more thrust than the original engine's 4,000 lb. Designated the Viper 680, it is under development by the company's Bristol division. A full ground and flight test programme is planned to make the engine available for service by 1984.

Car importer challenges 'price cartel'

A COMPANY of independent car importers was granted leave by the High Court yesterday to challenge the refusal of the vehicle licensing authorities to register one of its imports as "new."

Transportex Ltd, based in South London, said the action was part of its campaign to break a manufacturers' pricing cartel which keeps the cost of buying a car in Britain artificially high.

"Britain is the honeypot for car manufacturers," said Mr Peter Thorpe, a Transportex director, after a brief preliminary hearing yesterday. "They are making much higher profits in England than in any other EEC member country—to the detriment of the British public. This is not a case for our own

benefit. We are fighting for the right of every individual to buy his car more cheaply."

The case, will test the legality of a refusal by Mr Leslie Fescock, manager of a local vehicle licensing office in South London, to register as "new" a Vauxhall Chevette imported from Belgium.

Mr Anthony Hooper, for Transportex, told Mr Justice Stephen Brown that the issue concerned importation into Britain of vehicles either made abroad, or manufactured in England, exported to the Continent and brought back to England—a process known as "parallel importing."

This is designed to undercut the English car manufacturers who, it is well known, sell cars at higher prices than in Europe," he said.

Licensing offices had been permitted until a short time ago to accept a "certificate of newness" from importers, thus Transportex vehicles could be registered as new. But, in early March, there was an apparent change of policy at the Department of Transport.

Now they would register as new only cars imported by the "sole importer concessionaire"—a company given sole right to import by the manufacturer.

The Chevette in question, said Mr Hooper, had been registered as "imported vehicle—not new when registered. That was incorrect," he said. It reduced the value of the car and might well make a potential purchaser reluctant to buy. He said the licensing authorities—not represented at the hearing—refused to consider documentary evidence which

proved the car's newness.

At the full hearing, Transportex will seek an order to force the authorities to register the car as "new" within the meaning of the Road Vehicles (Excise) (Prescribed Particulars) Regulations, 1981.

It will seek as an alternative, an order that the authorities consider documentary evidence to prove newness.

It claims that the word "importer," used in the regulations, means no more than a person who imports, and should not just refer to the sole importer concessionaire.

Transportex also contends that, if the regulations do differentiate between one importer and another, they are contrary to Article 30 of the Treaty of Rome, relating to the free movement of goods within the EEC.

Guernsey glasshouse heating costs cut

BY OUR OWN CORRESPONDENT

THE OIL consumption of Guernsey's horticultural industry has fallen from 100m litres annually in the mid-1970s to 42m litres last year, according to figures released by the Island's Energy Advisory Panel.

While a big factor in this drop has been the loss of well over 100 acres of glass during the period because of difficult trading conditions, it also reflects the efforts of local growers to use fuel more efficiently and to find alternatives to the light oil generally used for glasshouse heating.

Channel Islands growers began to desert coal for what then seemed to be the cheaper and more convenient alternative of oil in the mid-1950s. Now

coal is being seen by many of them as the fuel of the future. Fourteen horticultural units in Guernsey, totalling about 25 acres, have converted to coal, raising the industry's coal imports from 1,298 tonnes in 1980 to 2,352 tonnes last year.

In Jersey, the Department of Agriculture and Fisheries is encouraging conversion to coal by giving growers a 100 per cent loan on which no capital or interest has to be repaid for the first two years.

However, the initial capital cost of changing over to coal has been a deterrent. Channel Islands growers also have to pay more for coal than their UK counterparts. This has stimulated interest

in the use of cheaper heavy fuel oil, which in the past growers in Guernsey and Jersey have been led to believe was not suitable for glasshouse heating.

The cost of converting a 14-acre unit from light to heavy fuel oil is only about 15 per cent of that of changing to coal, while the reduction in oil costs can still save an early tomato grower over £3,000 per acre on his annual bill.

Nine horticultural units in Guernsey are now burning the heavy fuel oil that is being increasingly imported to generate the island's electricity. Some ingenious and successful conversions appear to have been made to make use of this

heavy grade of oil, although there is the difficulty for growers that it has to be obtained from the electricity board.

Growers in Jersey, where the Jersey Farmers' Union glasshouse committee is preparing a report on fuel alternatives, have been impressed by the results achieved in Guernsey.

Meanwhile, in spite of a reduction of 5p a gallon in the price of light fuel oil in the Channel Islands since March 31, Jersey's Department of Agriculture is continuing to give growers an oil subsidy of 10.7p a gallon to help them to compete on more equal terms with UK and Dutch producers.

Milestone for waterway scheme

THE BRITISH Waterways Board has reached the halfway stage in its £16m programme to redevelop the Sheffield and South Yorkshire Navigation waterway.

The project is aimed at upgrading 35 km of the waterway between Bramwith, east of Doncaster, and Rotherham.

When it is completed, early next year, craft will be able to navigate from Goole on the River Ouse to Rotherham, with payloads up to 700 tonnes, compared with the present 90 tonnes.

The scheme, which was started in 1979, involves lengthening, improving, or reconstructing ten locks, widening or removing eight bridges, widening the waterway in places, realigning navigation channels at four sites and reducing curves and other restrictions to the navigation of larger craft.

Payloads will be carried either in self-propelled craft or in push-tow combinations of barges.

Although the main gain will be in the payload, there will also be savings in journey time, fuel costs and productivity of water carriage.

**Payloads**  
In the case of push-tow operations the lengthening of the ten locks will produce a 47 per cent saving in the Goole-Rotherham journey time. Because barge combinations will no longer need to be broken up at locks the trip will take 12 hours instead of 23.

James McDonald looks at the half-completed £16m project to redevelop the Sheffield and South Yorkshire Navigation.

There will also be important savings in fuel because of the improved rate of passage. In the case of a BWB push-tow, operating on a regular pattern between Goole and Rotherham, the annual saving will be 9,108 gallons, or 34 tonnes, of fuel.

**Expansion**  
About 20 per cent of the cost of the project has been covered by grants from the European Regional Development Fund and by a £1m contribution from South Yorkshire County Council.

Higher tolls, combined with the hoped-for expansion of traffic, will be needed to pay for the remaining capital investment, which is funded by interest-bearing money borrowed from the National Loans Fund. In fact, the major cost to the board is the interest charge which, it notes wryly, is not charged on investment in roads.

The BWB believe redevelopment will give a much-needed competitive edge to water transport and encourage private carriers in the region. It hopes the "canal corridor" will bring in new industrial development.

Independent business consultants have estimated that the completed navigation will attract 3m tonnes or more of traffic

a year, compared with 350,000 tonnes a year at present.

The improved navigation is highlighted as "a pattern for the future" for other commercial waterways in the publication, "Transport: The Water Way."

The board believes important roles will be played through increased co-operation with both the private sector, in the formation of joint venture companies, and local authorities in the development of the waterways system.

The board is responsible for about 3,220 km of waterways in Great Britain but only 541 km of this total are designated as commercial waterways.

All the commercial waterways, apart from 128 km, are river navigations or a combination of river and artificial cut. In England these waterways run into four main estuaries: the Mersey, the Thames, the Humber, and the Severn.

**Increase**  
The BWB is considering redevelopment along similar lines of other waterways and is talking with relevant local authorities.

On the River Trent Navigation, connecting with the Humber also at Goole, the board would like to increase the payload capacity along the 89 km from Gainsborough to Nottingham to 700 tonnes, from the present 180 tonnes.

On the River Severn it would like the payload capacity over the 48 km between Gloucester and Worcester to be expanded from 350 tonnes to 1,200 tonnes.

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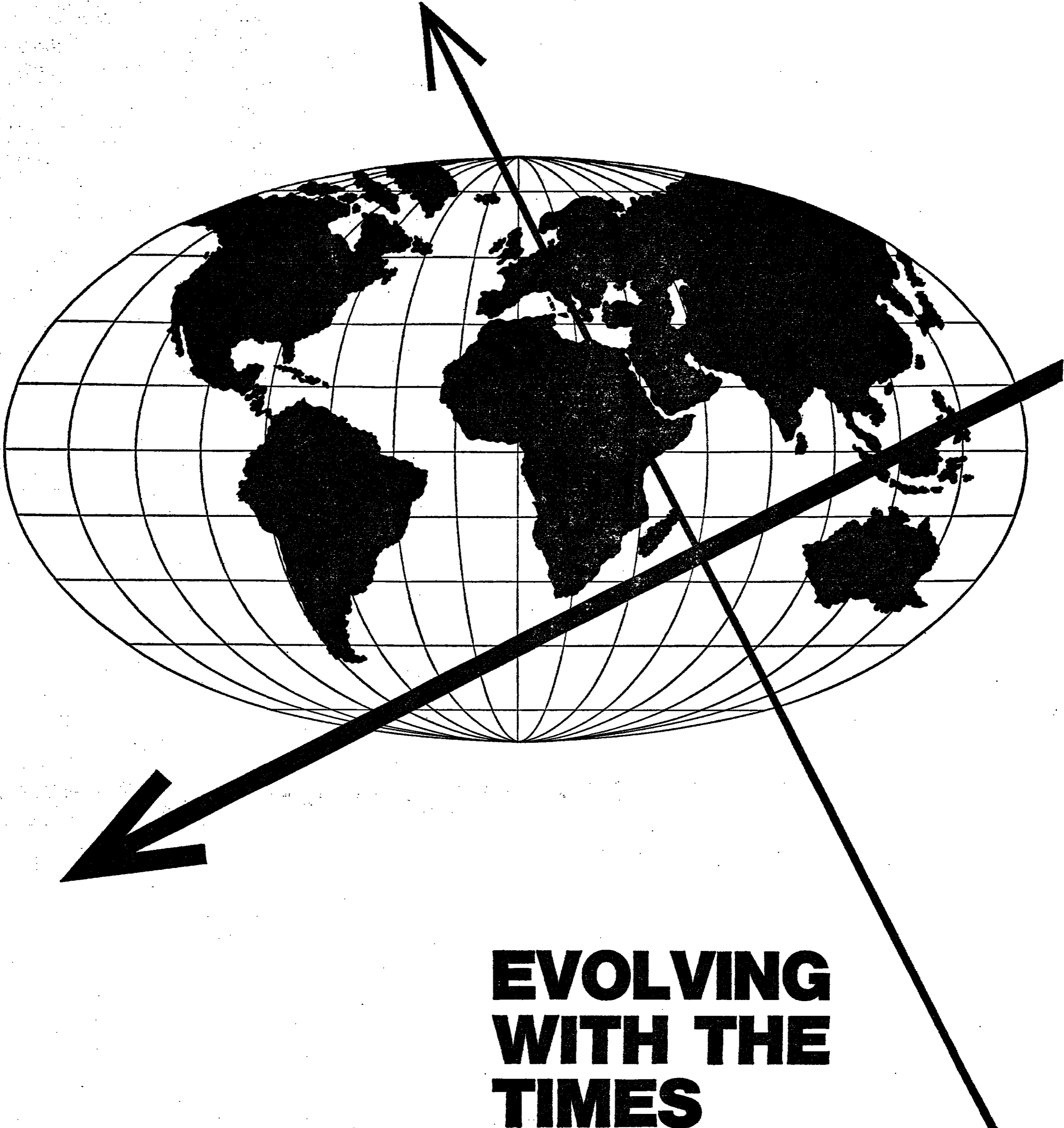
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**From a service company to a  
service industry**

TUC backs directive to protect rights of part-time workers

BY OUR LABOUR STAFF

THE TUC has urged the Government to support the proposed European Community directive on voluntary casual work...

Mr Murray drew Mr Tebbit's attention to reports from the European Trade Union Confederation that the UK Government is opposing the adoption of this Community directive.

He emphasised the TUC's support for this extension of basic employment protection to part-time workers and asked that the Government reconsider its response as a matter of urgency.

social obligations linked to the number of workers employed. The TUC welcomed the acceptance in the draft directive that part-time work must be voluntary.

Job training treated as a long-term issue

"THIS REPORT is about providing a permanent bridge between school and work. It is not about youth unemployment."

Introductions to official reports do not always succeed in encapsulating the heart of the matter. But the Manpower Services Commission's task group report on youth training published yesterday does so in its first two sentences.

Youth unemployment undeniably has social and political dimensions which add urgency to the commission's recommendations. The proposals have largely grown out of the need to find responses to the negative effects of youth unemployment.

But the report is not merely another programme of temporary, short-term measures for teenagers who cannot find jobs. If adopted, the recommendations will affect young people as decisively as a rise in the school-leaving age—and, some supporters would argue, more dramatically.

The view that there should be no distinction in treatment between the employed and unemployed school leaver is central to the task group's thinking.

It therefore proposes that at 16 and 17-year-olds who have left full-time education should eventually be covered by a year-long programme of training, work experience and further education before beginning work as such.

Entry into the scheme would be voluntary. An employer could still engage a 16 or 17-year-old for a permanent job outside the scheme, and young people could refuse opportunities within it. But the aim has been to devise proposals "so attractive to employers and to young people" that few will wish to remain outside.

In the longer term some form of legislative back-up for the scheme is a possibility, although its introduction does not in itself require changes in the law. The MSC is to undertake an examination of all legislative options.

The proposals need the approval of Mr Norman Tebbit, the Employment Secretary. They differ from the Government's New Training Initiative White Paper, published in December, in wanting the proposed year of training to apply to all school leavers—rather than just the unemployed—

Alan Pike says the Manpower Services Commission report looks beyond present youth unemployment

By including first-year apprentices in the new scheme, the proposals would be likely to hasten the replacement of time-served apprenticeships by training to standards. By introducing the notion of trainee allowances the scheme might help to hold down young people's pay expectations beyond the traineeship year.

There are, however, some recommendations which the Government is unlikely to accept. Task group members believe young people who refuse to join the scheme should have continued access to supplementary benefits—the Government does not. Ministers will also not welcome the suggestion that it would be inconsistent for the Young Workers Scheme—under which employers receive subsidies of up to £15 per week if they employ school leavers for less than £45—to continue to operate alongside the new scheme, on the grounds that it does not encourage training for young people.

Beyond these specific details there also remains one vital practical impediment. Will industry provide the huge number of high-quality training places which are essential to the scheme's success?

Building employers split over pay deals

BY IVO DAWNAY, LABOUR STAFF

SIGNS OF continued divisions within the construction industry employers emerged yesterday with the disclosure that the Federation of Master Builders has offered building workers a pay rise averaging 6.75 per cent.

The offer compares favourably against a 5.3 per cent package presented last week by employers on the Building and Civil Engineering Joint Board—the main pay negotiating body for the industry.

and £7.11 in minimum weekly earnings for each group. The unions want "substantial" rises, bearing in mind the 23 an hour rates paid on some sites, a reduction in the 39-hour working week and an extra week's annual holiday.

They have warned both employers' groups that if agreement is not reached by June 28, the anniversary of last year's settlement, all existing agreements will end.

Sit-in at Metal Box engineering

By Our Labour Staff

AN "INDEFINITE" sit-in by 350 workers at Metal Box's engineering division at Shipley, near Bradford, began yesterday in protest against 20 enforced redundancies.

The decision followed a mass meeting of the 350 hourly-paid workers. Last month Metal Box said it wanted 50 redundancies because of the continuing world recession.

Only 30 volunteered and the union says it will resist any attempts to push through the extra 20. The factory, which makes car-making equipment, employs 530 workers.

Council cleaners 'threatened'

BY JOHN LLOYD, LABOUR EDITOR

THE PRIVATE company employed to clean streets in the London Borough of Wandsworth has alleged that a growing campaign of "violence and intimidation" is being directed against it and its workers.

Mr Christopher Chope, leader of the Conservative-controlled council, said last night: "There is no doubt that intimidation is taking place. There have been a number of incidents involving flying pickets. We are co-operating with the police as far as we can."

However, leaders of the borough's 200 dustmen—presently on strike in protest against the Council's decision to ask for tenders for cleaning the streets—deny allegations of violence. They have called for a "Day of Action" by workmen from other boroughs in support of their strike.

company brought in during the strike, are "totally ridiculous". Pritchard lists a series of incidents over the weekend which include: the damaging of hydraulics on one truck, and the cutting of the fuel lines and theft of the ignition keys from another. Several road sweeper trucks had sugar poured into their petrol tanks and there were reports of intimidation from temporary women street cleaners.

Mr Eric Meecham, managing director of Pritchard, said last night: "We are continuing to do our duty in the face of this mindless, vicious campaign."

Mr Chope said last night that the dustmen's strike was a "political" one in preparation for the Council's election. He said that the Council had adopted the policy of putting out a variety of services to tender, including tender by the existing workforce. The contract for works maintenance had been won by the staff in that department, he said.

Rail staff worried over Labour's 'drift to left'

BY JOHN LLOYD, LABOUR STAFF

FURTHER UNION hostility to Labour's left-wing is shown in the agenda for next week's conference of the Transport and Salaried Staffs Association, the 70,000-strong union for British Rail's white collar workers.

A motion from the association's Garston and Widnes branch urges Labour's national executive to "proscribe all organisations and groups whose aims are not compatible with membership of the party."

It adds that "with the continued drift of the Labour Party towards extreme left wing and Marxist policies, it cannot be regarded as an alternative Government, and such policies will alienate the large support it has drawn from the electorate at past elections."

objectives will be in the best interests of our members in the future.

In another controversial motion, the Wimbledon branch urges the union to "use its influence within the Labour Party to reverse the latter's decision to withdraw from the Common Market." This is more than countered by two motions supporting Labour Party and TUC policy for withdrawal.

The traditionally right-wing union has two motions noting the success of the Social Democratic Party. One calls on the executive to "consider whether the allocation of political funds

NCB places £41m orders

Contracts with a total estimated value over £41m have been let by the National Coal Board for fire resistant conveyor belts for conveying coal and materials both underground and on the surface. Has been ordered for the period May 1 1982 to April 30 1983. Total value is £29.7m. The business has been awarded to DUNLOP, J. E. FINNER AND CO., SCANDURA; and TBA INDUSTRIAL PRODUCTS. Telephone, lighting and signalling cables to NCB specifications 295-492 and 493, for the period June 1 1982 to May 31 1983. Total value is £1.9m and the business has been awarded to AET, BICC, DELTA, ENFIELD CABLES, PIRELLI GENERAL CABLES, and WARD AND GOLDSTONE.

ing railway bridge and the widening of about 0.35 km of the A6 with a new bridge at Garstang Road south of its junction with the M55. BRENGREEN (HOLDINGS) and its Kuwaiti partner, TANZIFCO, have been awarded a cleansing contract in Kuwait City worth \$5m over 5 years. The contract commences in the autumn. WILLIAM TAWSE, part of Aberdeen Construction Group, has been awarded a contract valued at £1.4m by Aberdeen Harbour Board for the reconstruction of Poca Quay in Aberdeen Harbour. A £730,000 contract to build a furniture warehouse on Fyneish has been awarded to FAIRFAX HOLDING BUILDING north-eastern division. Work has started on the 40-week contract in High Street, Gateshead, for MFI Furniture Centres. It will be completed in two stages to allow MFI to occupy part of the new building in July. The building will replace an existing warehouse on the same site.

COMPANY NOTICES

DAIWA SEIKO INC. NOTICE TO SHIP HOLDERS. Sparekassen SDS U.S.\$ 25m. 8 1/2 per cent capital notes 1982. Holders of the above notes are advised that the annual report and accounts for the year ended 31st December, 1980, of Sparekassen SDS are available at the offices of Manufacturers Hanover Limited, 8 Princes Street, London EC2P 2EN, and at the offices of the other paying agents set out on the note certificate.

LEGAL NOTICE

No. 001926 of 1982. IN THE HIGH COURT OF JUSTICE Chancery Division. In the Matter of THE STATES LIMITED and the Matter of The Companies Act 1948. NOTICE IS HEREBY GIVEN that a Petition was on the 18th day of April, 1982 presented to the Master of the Court of Justice for the confirmation of the reduction of the capital of the above-named Company from £2,000,000 to £588,495. The proposed reduction of capital of the Company does not involve the repayment to any Shareholder of any part of capital.

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TARMAC SCHAL—the construction management company—has started work on a £15m project in London for a major offices and industrial scheme on the former Cherry Blossom factory site, owned by Reckitt and Colman, at Hogarth Roundabout, Chiswick. Demolition work is underway and the development will involve building 116,000 sq ft of air-conditioned offices in two adjoining five- and six-level buildings fronting on to the roundabout. The five-level building will provide Reckitt and Colman with new international headquarters and the other, Fleming House, will provide 62,000 sq ft of offices for letting on completion early in 1984. The industrial development, totalling 100,000 sq ft, will comprise nine industrial units for letting. Clients are Macwall Estates—a joint development company between Tarmac Construction and Second London Wall Group. The scheme is being funded by The Fleming Property Unit Trust.

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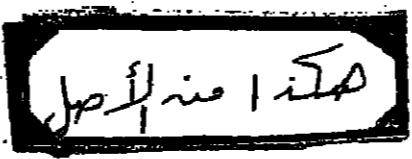
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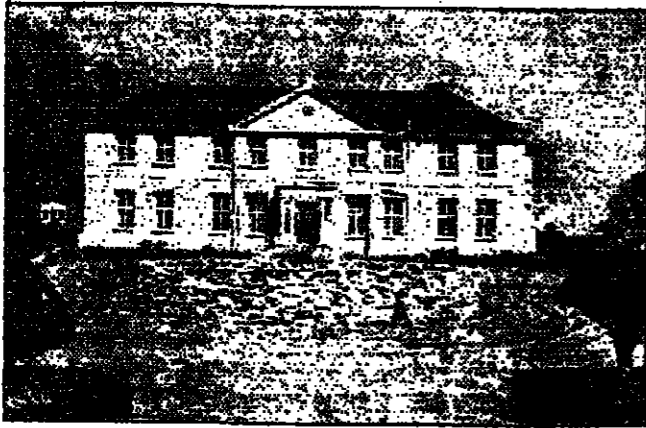
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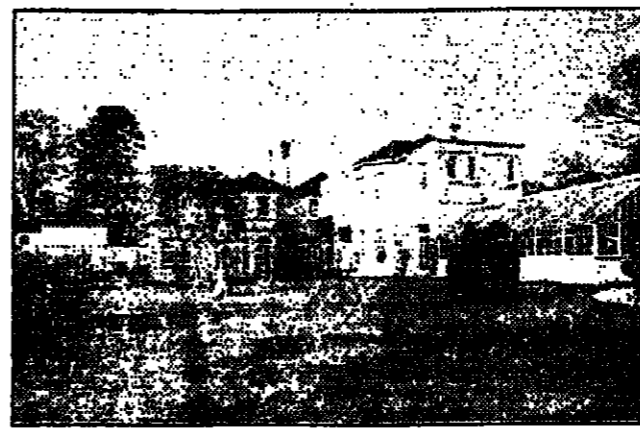
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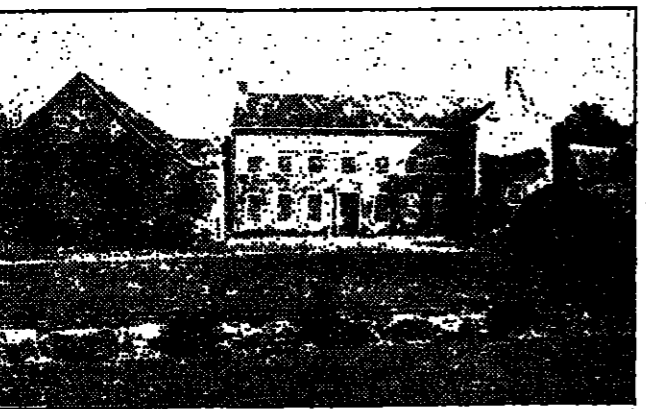
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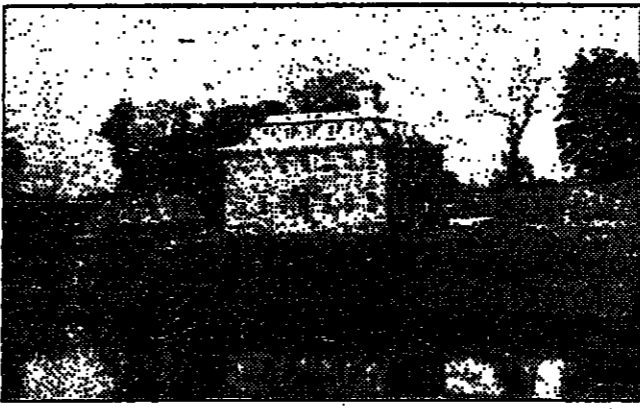
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## TECHNOLOGY

EDITED BY ALAN CANE

## Friedman rides the wheel of Fortune

BY JASON CRISP

GARY FRIEDMAN is back. He was joint founder of Intel, the now notorious U.S. computer leasing company that grew like a rocket before being blown out of the sky in 1979 when IBM launched its 303X and 4300 series of computers.

While the debris from the now bankrupt Intel Corporation has been falling to the ground, Gary Friedman has been building himself a new rocket.

The vehicle this time is a powerful microcomputer that has made even cool Californians sit up. The first deliveries of the microcomputer were made last week, less than two years after he sat down to write his business plan and just one year after the first engineer was hired.

The new company, Fortune Systems, raised an initial \$8.5m last September in what is thought to be the largest venture capital package for a microcomputer start-up.

Last week it raised a second tranche of equity finance of \$10.5m. That together with a \$6m line of credit from the Bank of America gave the company \$25m before one computer reached the shops.

The computer, the 32:16, is a 16-bit "super" micro. Most personal computers currently being sold are based on the markedly less powerful 8-bit processors. Another Californian company, Convergent Technology, has had considerable success with its 16-bit super microcomputer. The IBM personal computer launched last autumn and the recently launched Olivetti M20 are also based on 16-bit micro-processors, powerful 16-bit microprocessors.

But last November at Comdex, a major microcomputer exhibition held in Las Vegas, the first showing of the Fortune 32:16 stole the high flying Convergent Technology's thunder. Ben Rosen, the leading U.S. electronics analyst, declared the 32:16 to be the "hit of the show."

The Fortune 32:16 uses what Friedman claims to be the most powerful 16-bit microprocessor the Motorola 68000. Fortune has also adapted Bell Laboratories' 16-year-old operating system UNIX. Fortune spent \$3m adapting UNIX—a powerful but difficult system—into a form which can be used by unskilled operators. It has also improved

the error handling and file protection of UNIX for business use.

Fortune has produced a word-processing software package which looks as if it will be significantly better than that normally available for microcomputers and will compare with a wordprocessor itself.

Fortune has "reverse engineered" the Wang word processor which has the largest share of the market. The keyboard of the Fortune 32:16 is also an exact copy of the Wang wordprocessor. It means that anyone who has been trained to use a Wang will be immediately able to use the Fortune as it will also behave in exactly the same way. Friedman also claims to have considerably improved the Wang system.

Up to 16 terminals can be run simultaneously, on the 32:16. In practice, says Friedman, up to eight terminals could be used for wordprocessing at one time without affecting the performance.

Fortune currently employs about 140 people in California. It differs from many other microcomputer start ups in that

it has been staffed by managers and engineers who have had considerable experience in the computer and electronics industry in many of the best-known U.S. companies.

The majority of manufacturing at present is subcontracted with Fortune itself only performing final assembly and test. The latest tranche of finance is to establish manufacturing at its Californian base with a substantial amount of automatic insertion and testing equipment, which is expected to start production later this year.

Next year it is estimated that Fortune's sales will exceed \$100m and the most bullish estimates say the company will be able to double in size until 1985. But why should Fortune be so special when there seems to be a new microcomputer coming on to the market every day?

In spite of the publicity there are very few 16-bit micros available at present and the Fortune 32:16 has been widely acclaimed by sober pundits as a very good system. It has substantial financial backing including Thomson-CSF the French electronics company, Greyhound Computer, Walter E. Heller, First National

Bank of Chicago and the Banque de Paris des Pays-Bas. And while the first tranche of money took 10 months to raise Friedman boasts, the second only took 10 days.

Additionally, the market is growing fast and Friedman believes there is a void between the microcomputer and the current generation of micros. And the 32:16 can have substantial amounts of memory, can have eight terminals on one system, and not least is a good-looking machine with separate keyboard and a tilting screen.

Already its shareholder Thomson-CSF has announced it is selling the 32:16 on an OEM basis (original equipment manufacturer). Fortune is also at an advanced stage of discussions with several other major computer and office equipment companies for a similar OEM deal. Computerland, the retail chain, has also worldwide distribution rights.

Friedman hopes that 30 per cent of sales will be made in the European market. In the UK the basic machine will cost £3,510 compared with \$8,000 in



Gary Friedman with his 16-bit super micro.

the U.S. for which you get the unit and keyboard and the computer, with 128K of memory, a single floppy disc, a display and operating system for a single user.

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## Advance of armies and bedsores

DETECTION OF everything from advancing armies to incipient bedsores is the promise of the pyroelectric heat detectors for which the Royal Signals and Radar Establishment and Plessey were jointly awarded a Queen's Award this year.

The Establishment (its proper title is the LI Division, Electronics Sensors, Royal Signals and Radar Establishment, Great Malvern) did the military applications; Plessey Optoelectronics and Microwave, the commercial.

The list of products developed using the technology includes burglar alarms, gas pollution monitors, weather satellite radiometers, television cameras which respond to heat rather than light and analytical instruments.

The starting point was a development programme initiated back in 1965 by Dr E. H. Patey of the Establishment, into the use of pyroelectric materials as heat detectors.

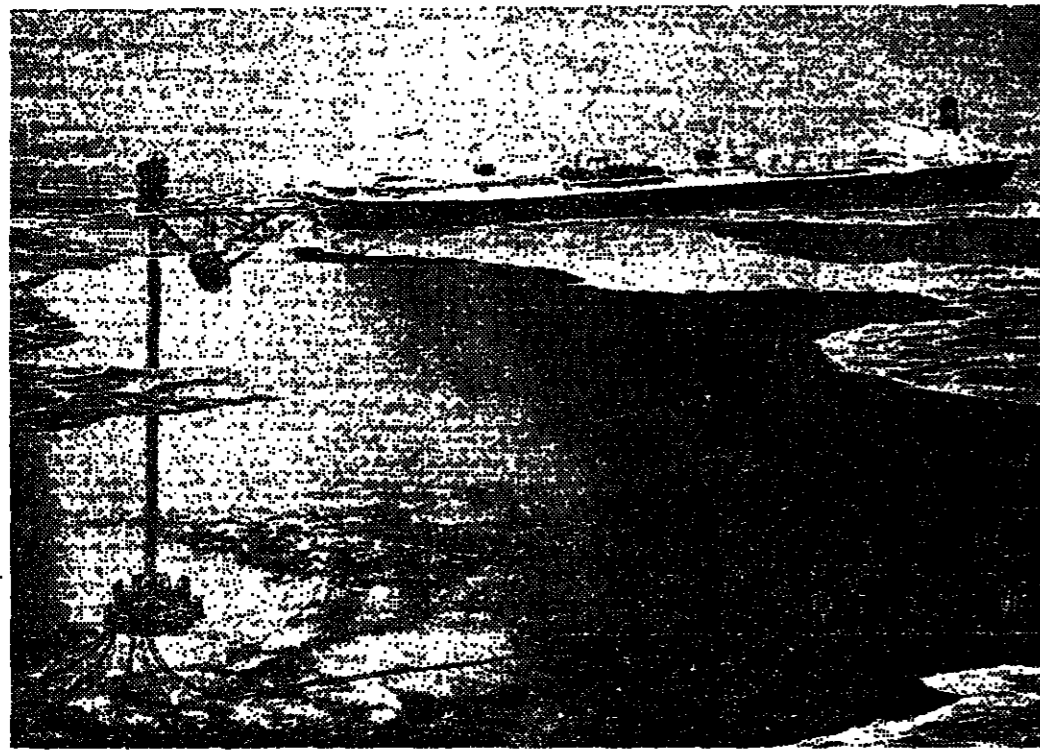
These are substances which develop an electric charge when their temperature is raised; with modern amplifier techniques temperature increases as little as a millionth of a degree Centigrade can be detected.

The devices consist basically of the pyroelectric crystals with an optical system to focus the heat on the crystal and an amplifier to process the electrical signal from the detector.

Heat-sensitive cameras are an obvious application. Dr Patey hopes to combine pyroelectric devices with charged-couple silicon chips to create high-quality imaging systems. Immediate possibilities are imaging systems to enable firemen to "see" through smoke in burning buildings and scanners to enable hospital staff to detect potential bedsores sites ("hot spots") in their patients.

## Tazerka system could boost small oil fields production

## Unimation adds Puma to range



An artist's impression of the Tazerka Field development

BY RAY DAFTER, ENERGY EDITOR

THE OFFSHORE oil industry is rapidly developing new methods of producing oil more cost-effectively from small or remote oilfields. One of the latest methods to emerge combines a number of new technologies—a floating production and storage unit (FPSU), a single anchor leg mooring system, and a series of underwater oil well producers.

## Recoverable

The novel technology is about to be used by an offshore consortium in Tunisia, led by a Royal Dutch/Shell subsidiary, Shell Tunirex. The companies—which also include Agip of Italy and Enterprise Tunisienne d'Activités Pétrolières—are due to start producing oil from the small Tazerka oilfield off Tunisia towards the end of the year.

The field contains about 10m barrels of recoverable oil and is capable of yielding around

10,000 barrels a day. Judged by the standard of some North Sea fields, Tazerka is tiny, far too small to be exploited economically with a large fixed platform and pipelines.

The Shell system being installed this summer is based on a converted oil tanker held on station by the mooring unit. Four subsea production wells will be connected to the tanker by means of pipes incorporated in the mooring unit. The whole system has been designed so that the tanker can rotate around the mooring under the influence of wind and currents.

## Offloaded

Shell says that this is the first time that a multi-well, single anchor leg storage tanker field development has been attempted by the oil industry. Furthermore, with one of the wells being positioned in 220 metres of water, Tazerka is regarded as a unique deep water project.

The tanker to be used in the system will be the former very large crude carrier (VLCC) Murex, a 325 metres long vessel with a capacity to store 80,000 tonnes of produced oil. This oil will be offloaded by export tankers.

The production and storage system, also being considered by other major oil companies, is similar in concept to a scheme currently being developed by British Petroleum.

## Reservoirs

Under this project a production and storage vessel would exploit small fields—or conduct extensive production tests on larger reservoirs—through a single retractable well.

Under BP's Single Well Oil Production System (SWOPS) the converted tanker or purpose-built vessel, would probably return to shore with its cargo of produced oil, rather than discharge into other tankers.

UNIMATION HAS added to its range of electrically driven industrial robots a new six-axis Puma machine, the model 760, with a lifting capacity of 10 kg and an extended reach of 1,250 mm. Loads can be placed with a repeatability of 0.1 mm.

## Possible

The unit is likely to be of particular interest to the vehicle industry and applications are expected in the arc-welding, adhesive bonding and materials handling fields.

Puma 760's long reach means that it can cover the entire length of a car body shell—there will be no need for linear tracking.

In addition, with the company's VAL control system, robot-to-robot communications is possible, as well as the conventional master to slave mode used between each robot and its controller.

Tomorrow's world is a place full of lasers, microprocessors and sophisticated computers. In Britain our coal industry is already using them. They have made us the most advanced coalmining nation in the world.

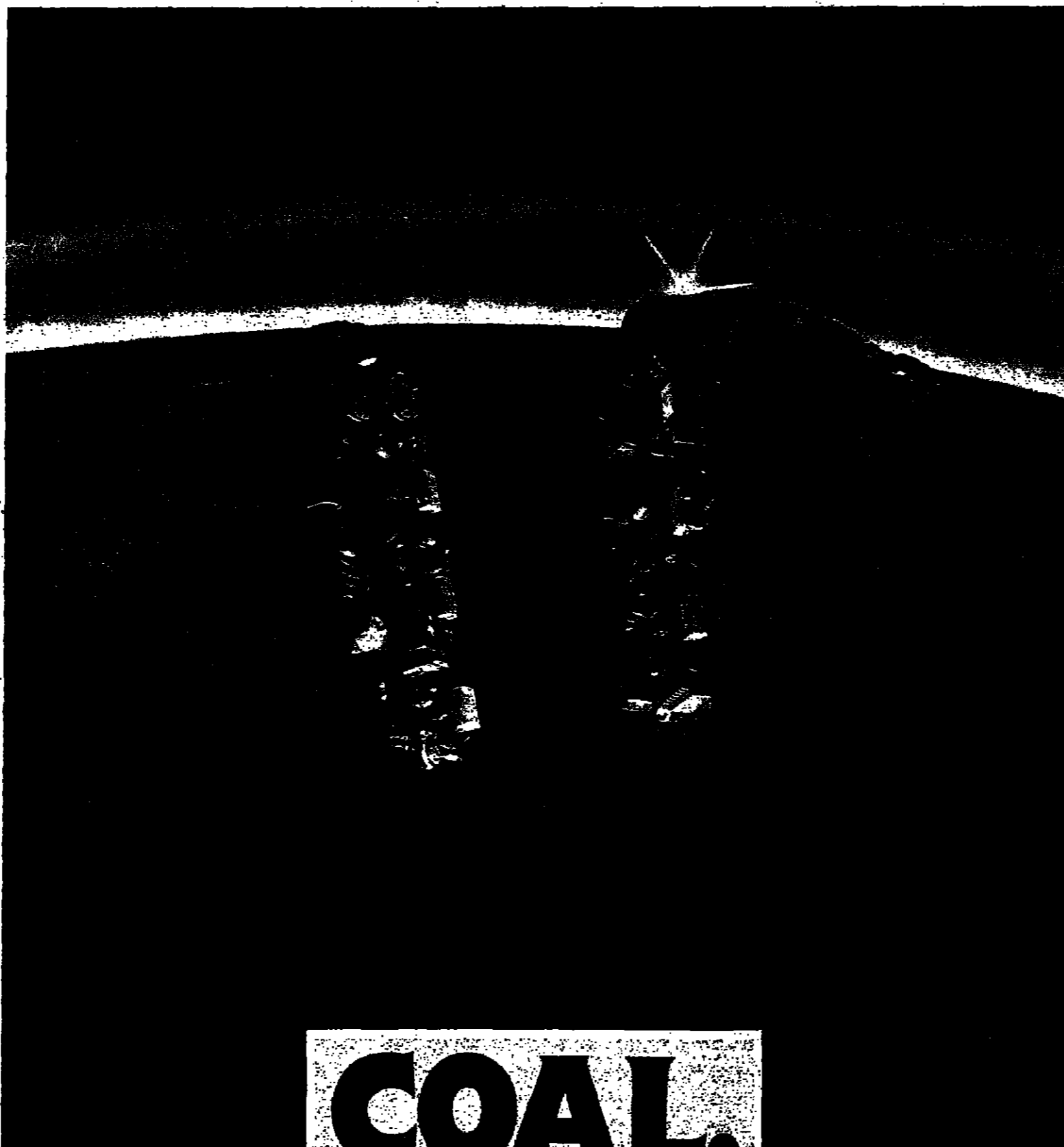
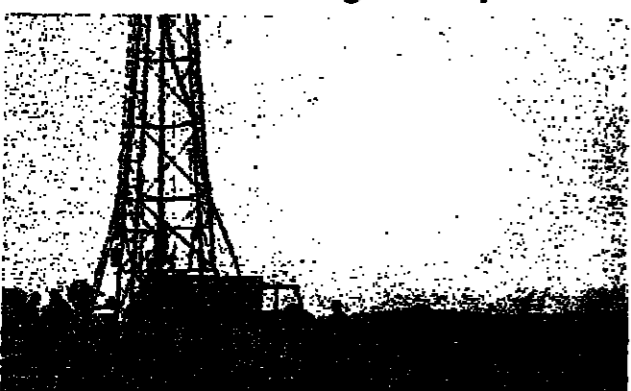
The timing is perfect. British Industry now needs a modern, reliable and economical fuel to replace those that will soon dwindle in supply.

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Handwritten note in a box: "John Hunt"

UK NEWS - PARLIAMENT and POLITICS

Commons Sketch

TASK FORCE 'CLEARLY UNDER POLITICAL CONTROL,' PM SAYS

No escape from the war of the words

FROM TIME to time during World War II the newspapers would discover an ancient code living in some remote village who was blissfully unaware that Britain was at war with Nazi Germany.

It is difficult to imagine such a state of happy ignorance over the Falkland crisis, with every new twist exhaustively analysed on TV hour by hour.

Yesterday the war of words reached a crescendo with statements being made to the Commons in triplicate - by Mrs Thatcher, Mr Francis Pym, the Foreign Secretary, and by Mr John Nott, Defence Secretary.

The inevitable result was that we seemed to learn even less than on previous occasions. Mr Nott gave a rundown of military events telling us nothing that we had not read in our newspapers.

Thatcher rejects criticism of attack on cruiser

BY IVOR OWEN

BRITAIN'S naval task force in the South Atlantic was right to take action in its own defence outside the 200-mile total exclusion zone established around the Falkland Islands, the Prime Minister insisted in the Commons yesterday when she rejected criticism of the sinking of the Argentine cruiser General Belgrano.

To cheerers from Government supporters she maintained that, as Argentina had already made clear its aggressive intent through claims to have sunk British ships, the threat posed by the Belgrano and her two escorting frigates could not be ignored.

"If we had left it any later, it would have been too late and I might have had to come to the House with news that some of our ships had been sunk," she stressed.

Mr Michael Foot, the Opposition Leader, underlined the concern of Labour MPs to safeguard the lives of British servicemen, and argued that if more than the minimum use of force needed had been employed against the Belgrano the risks to which they were exposed would be increased.

He also pointed to the danger that the heavy loss of life involved in the sinking of the Belgrano could weaken the international support which had been accorded to Britain since Argentina's aggression against the islands.

In response to persistent and close questioning from Mr Foot, the Prime Minister gave a specific assurance that the operations of the task force are confined to parameters set by the Cabinet.

Foot wins shadow Cabinet support for private talks ban

The shadow Cabinet yesterday unanimously endorsed Mr Michael Foot's decision not to take up Mrs Thatcher's invitation for private talks on the Falklands crisis, despite earlier indications that some members felt he should have accepted.

Pressure is mounting within the party, however, for Labour to formulate its policy more clearly, rather than simply reacting to events, writes Margaret van Haltem.

More than 60 Labour backbenchers are understood to have signed an Early Day Motion calling for a ceasefire and for immediate mediation by Sr Javier Perez de Cuellar, the United Nations Secretary General. The motion has been sponsored by Dame Judith Hart, the party chairman.

Many Labour MPs feel that by failing to state clear alternatives to the Government's handling of the crisis, the Labour leadership is laying itself open to charges of dithering and opportunism.

Mr Foot and Mr Denis Healey, the Labour deputy leader, rejected these arguments at yesterday's meeting saying it would be foolish to commit the party to a particular policy when the situation was changing from hour to hour.

The Shadow Cabinet went on to reject a four-point plan put forward by Mr Eric Heffer, calling for a ceasefire.

Under pressure from Mr Denis Healey, Labour's shadow Foreign Secretary, Mr Nott admitted that the attack on the Belgrano took place some 30 to 35 miles outside the total exclusion zone.

But he refused to be drawn into giving any more precise information about the proximity of the British ships which were "only hours away" at the time.

To Government cheerers Mr Nott insisted: "I am not prepared to reveal the position of our task force."

When Mr Healey argued that as the action took place nearly two days ago there was no danger of the present position of the task force being disclosed, Mr Nott repeated that it would not be prudent to give such information.

Mr Pat Duffy (Lab Sheffield Attercliffe), a former Navy Minister, suggested that it would have been more consistent with

the minimum use of force if one of the Belgrano's escorting destroyers had been torpedoed rather than the cruiser itself.

Mr Nott replied that loss of life - the issue which concerned the House - would still have been involved.

He underlined the fact that Argentina's forces would be the first to open fire at the time the Falkland Islands were invaded. The Royal Marine barracks in Port Stanley had been subjected to heavy mortar attack, presumably on the assumption that they were occupied at the time.

"To suggest that we fired the first shot or that we are responsible for these hostilities is an absolute travesty of the truth," the Defence Secretary declared.

Sir William Clark (Croydon South) accused Mr Benn and Dame Judith Hart of making statements during the crisis which had been used by the Argentine Government as propaganda.

He said: "It is disgraceful that two Privy Counsellors could make statements which can be used by the Argentine government which could in fact extend hostilities and jeopardise British lives." Mr Pym said a number of MPs would agree.

Pressed by Dame Judith, the Labour Party chairman, to secure a truce pending UN talks, Mr Pym said: "There could be a truce. But the Argentines must withdraw and there must be no prejudice to the ultimate outcome of negotiations in the long term."

Mr Pym said the Peruvian moves had been communicated to the Americans, but the Argentines had rejected them. He added: "I am going to communicate some ideas of my own which may perhaps lead to a basis - I will to everything I can."

Mr Pym said the Government was willing to move towards the evacuation of the islanders, and he referred to the Red Cross as a possible agent in an evacuation. But he added: "It is a difficult thing to arrange."

For the Liberals, Mr Russell Johnston said Mr Pym's statement might be interpreted as "no progress."

Mr Pym replied: "It might seem like no progress and that might be a fair description. Given the intransigence of the Argentines it is hardly surprising negotiations would take some time."

There was uproar in the Lord when the Government was accused by Labour's Lord Jenkins of Putney of committing "mass murder on the high seas" by sinking the Belgrano.

Alliance squares up for toughest by-elections yet

BY ELMOR GOODMAN, POLITICAL CORRESPONDENT

THE FORMALITIES began yesterday for what threaten to be the two most difficult by-election tests yet for the SDP/Liberal Alliance.

The Conservatives moved the writ for a May 27 by-election in Beaconsfield, a Tory stronghold in the past, and Mr Bruce Douglas-Mann resigned as MP for Merton, Mr Thomas and Morden to fight a by-election.

Mr Douglas-Mann, the SDP's latest and most awkward recruit from Labour, announced in the Commons that he was applying for the Stewardship of the Manor of Northstead - an alternative to the Chiltern Hundreds - as a way of resigning. The by-election will be on June 30.

Mr Douglas-Mann, who won Merton for Labour in 1979 with a majority of only 618, is the first SDP recruit from Labour at Westminster to have insisted on fighting a by-election.

The contest is potentially highly embarrassing to all 24 former Labour SDP MPs who have refused to give into Labour temptations to resign.

Yesterday, in the Commons, Mr Douglas-Mann was jeered loudly by Labour MPs when he said that he did not wish to establish a precedent for other MPs who in future might find they could no longer support the policies of the party under whose colours they were elected.

Later, he repeated that his case was unique in that his view on a major issue of policy, namely the EEC, had changed since the 1979 election.

The SDP leadership would have much preferred Mr Douglas-Mann not to resign and at the point it looked as if he would have to finance his own campaign.

But yesterday he said the SDP leadership had agreed to fund the "greater part" of the £4,185 his campaign would cost. He also said he had been promised the active support of



Bruce Douglas-Mann "no precedent"

the "Gang of Four." The result of the by-election, like tomorrow's local election, could well be influenced by the Falkland Islands crisis.

The Tories are hoping Mr Douglas-Mann will split the old Labour vote and let in their candidate. Under normal circumstances a Conservative would not be expected to have a chance of winning a Labour marginal at this stage of a Tory Government's life.

The Tories brought forward the Beaconsfield by-election to get it over before the spring bank holiday.

Beaconsfield, which Sir Ronald Bell won for the Conservatives at the last election with a majority of 24,495, is being fought for the Alliance by the Liberals.

The Liberals still claim they have a chance of winning but, in the light of recent opinion polls, the Tories are increasingly confident of holding the seat and so creating a bandwagon to help them take Merton a week later.

Lloyd's 'identifies buyers' for underwriting agencies

BY JOHN MOORE, CITY CORRESPONDENT

LOYD'S OF LONDON, the insurance market, told a select committee of the House of Lords yesterday that it had identified suitable buyers for underwriting agencies if insurance brokers are forced to sell their shareholdings.

The indication came during the first day's reading of the Lloyd's Bill, intended to improve self-regulation within the market.

Lloyd's was forced by the Commons committee reviewing the Bill to incorporate clauses which would require brokers to end shareholding links with underwriting agencies because of conflicts of interest had been identified.

Mr Peter Boydell, QC, appearing for Lloyd's and the promoters of the Bill, said opponents of the measure had argued that there might not be suitable purchasers for the agencies.

The Lloyd's committee, said Mr Boydell, saw as possible purchasers of the agencies active underwriters and their staffs, underwriting members of those agencies, existing independent managing agencies, banks, pension funds, investment trusts, or other industrial interests seeking diversification.

He said the de-merger provisions of the 1980 Finance Act offered a convenient method in many cases of achieving divestment and reduced the difficulty of finding suitable buyers.

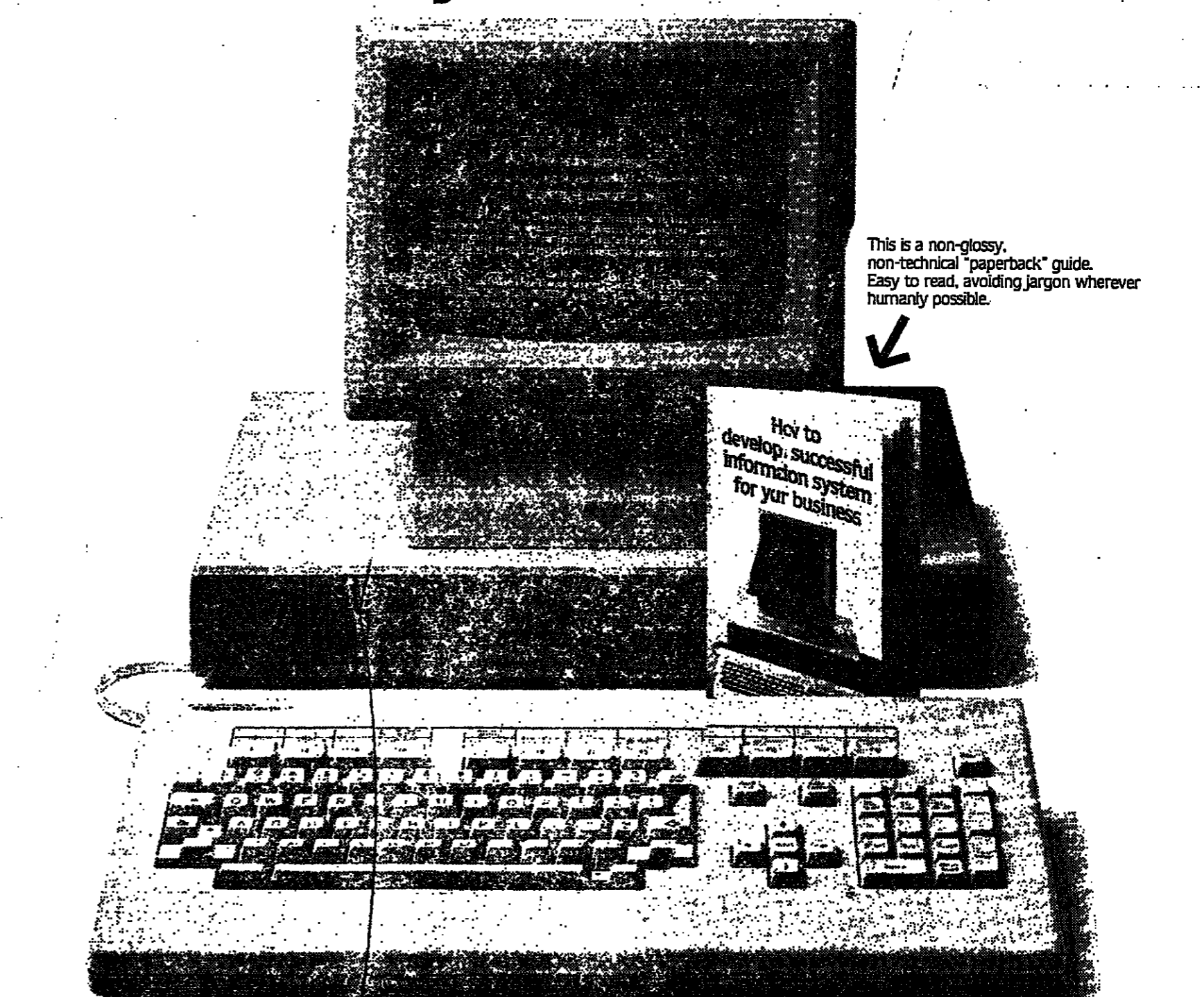
On another part of the legislation which has attracted wide opposition - a legal immunity for a Lloyd's Council from suits for damages by the members - Mr Boydell emphasised that the provision was limited. Policyholders and those outside the Lloyd's community were not affected, he said.

This "restraint upon suit" is sought to be imposed on members of Lloyd's and those companies and senior officers who operate in the market. Mr Boydell added that the restraint applied only to the claiming and recovery of damages. Every other form of relief was available, he said.

Moreover, he argued, the restraint is in favour of the society of Lloyd's itself. It did not affect legal action taken by Lloyd's members and underwriters against each other. The provision did not apply to action taken in bad faith and applied only to acts or duties where discretion was involved.

Lloyd's had considerably narrowed the extent of the restraint, said Mr Boydell.

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# FT Monthly Survey of Business Opinion

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## GENERAL OUTLOOK

### Mixed prospects seen

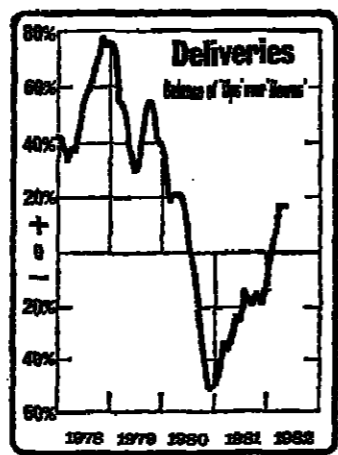
COMPANIES continued to show cautiously increasing optimism about their prospects, although opinions were mixed between the three different sectors interviewed in April.

Companies in the engineering and the paper and paper-related industries sector tended to be more optimistic than they were when last interviewed, in December. However, in the aftermath of the Budget, companies in the brewers and distillers sector tended to take a more pessimistic view.

Because of the rather more

depressed outlook in this sector, the index of optimism about the general business situation did not continue the upward trend of the last three months.

However, the index of optimism, as measured by questions on individual company prospects, continues to move upwards. After allowance is made for the distorting effect of the Budget on the drinks trade and the general uncertainties surrounding the Falkland Islands crisis, it seems likely that the underlying upward



trend of business confidence, as measured by the survey, has continued.

## GENERAL BUSINESS SITUATION

	4 monthly moving total				April 1982		
	Jan. Apr.	Dec. Mar.	Nov. Feb.	Oct. Jan.	Eng's (non-elec.)	Brews. & Distills.	Paper & Publishing
Are you more or less optimistic about your company's prospects than you were four months ago?							
More optimistic	49	50	46	34	50	33	49
Neutral	31	30	32	44	50	0	51
Less optimistic	20	20	22	22	0	67	0

## EXPORT PROSPECTS (Weighted by exports)

	4 monthly moving total				April 1982		
	Jan. Apr.	Dec. Mar.	Nov. Feb.	Oct. Jan.	Eng's (non-elec.)	Brews. & Distills.	Paper & Publishing
Over the next 12 months exports will be:							
Higher	81	83	77	72	56	39	67
Same	14	6	11	14	39	61	15
Lower	5	8	12	11	5	0	17
No answer	1	1	0	2	0	0	0

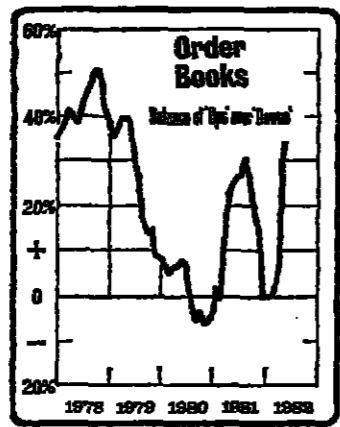
## ORDERS AND OUTPUT

### Improvement in order books

ALTHOUGH the balance which reported an increase in recent deliveries showed no increase, this may have reflected the disruption caused by bad weather and strikes in the winter. The brewing and distilling industries also continue to suffer from lower consumer spending.

On the other hand, if three sectors interviewed were more hopeful that their order books would improve, and the engineering sector tends to take a more positive view of the trend of new orders over the past four months. The other two sectors were depressed in this respect, so that the index for new orders continued to rise.

There was a cautiously im-



proved view of export prospects, particularly on the index, which does not include the weighting by exports.

Better prospects of world economic activity seem to have been an underlying reason for greater optimism. A significant proportion of those interviewed thought that sterling was relatively favourably-valued against the dollar.

All three sectors interviewed in April tended to expect greater increases in output during the next 12 months than they had expected in December. Substantially more companies were expecting turnover to increase by 5 per cent or more.

## NEW ORDERS

	4 monthly moving total				April 1982		
	Jan. Apr.	Dec. Mar.	Nov. Feb.	Oct. Jan.	Eng's (non-elec.)	Brews. & Distills.	Paper & Publishing
The trend of new orders in the last four months was?							
Up	41	38	33	26	64	33	13
Same	29	30	30	37	27	0	73
Down	15	18	17	20	4	40	15
No answer	14	14	20	17	4	27	0

## PRODUCTION/SALES TURNOVER

	4 monthly moving total				April 1982		
	Jan. Apr.	Dec. Mar.	Nov. Feb.	Oct. Jan.	Eng's (non-elec.)	Brews. & Distills.	Paper & Publishing
Those expecting production/sales turnover in the next 12 months:							
Rise over 20%	4	3	3	1	9	0	0
Rise 15-19%	1	1	3	2	0	0	0
Rise 10-14%	13	10	7	8	6	33	15
Rise 5-9%	25	22	21	29	22	0	32
Rise 2.5-4%	20	25	23	20	27	13	31
Remain the same	20	31	37	40	18	27	14
Fall 2.5-4%	5	6	5	5	4	0	0
Fall 5-9%	4	0	2	2	9	27	0
Fall 10-14%	0	0	0	0	0	0	1
Fall 15% or more	1	1	0	0	0	0	0
No answer	1	0	0	1	4	0	7
Median change	4.5	3.7	3.2	2.8	4.1	1.9	5.1

## PROFITS

	4 monthly moving total				April 1982		
	Jan. Apr.	Dec. Mar.	Nov. Feb.	Oct. Jan.	Eng's (non-elec.)	Brews. & Distills.	Paper & Publishing
Raw materials and components over the next 12 months will:							
Increase	27	25	26	31	18	6	58
Remain the same	52	52	53	44	69	67	41
Decrease	20	22	19	21	13	27	0
No answer	1	2	2	4	0	0	3
Manufactured goods over the next 12 months will:							
Increase	23	24	18	18	4	0	22
Remain the same	42	43	48	44	51	40	25
Decrease	18	21	18	21	18	27	0
No answer	4	1	3	5	0	0	36
Not applicable	14	12	13	12	27	33	18

## FACTORS CURRENTLY AFFECTING PRODUCTION

	4 monthly moving total				April 1982		
	Jan. Apr.	Dec. Mar.	Nov. Feb.	Oct. Jan.	Eng's (non-elec.)	Brews. & Distills.	Paper & Publishing
Are any of the following factors limiting your output at present?							
Home orders/consumer demand	88	87	86	89	96	100	90
Export orders/consumer demand overseas	54	49	50	55	78	60	76
Executive staff	1	1	2	2	0	0	0
Skilled factory staff	4	6	3	2	0	0	0
Component supplies	1	2	2	3	0	0	0
Raw material supplies/made up goods	4	4	0	0	0	0	0
Production capacity (plant)/selling space	6	6	7	4	0	0	0
Finance facilities	0	1	1	0	0	0	0
Labour disputes in own/supplier organs.	5	6	4	2	0	0	0
Any other factors	16	21	21	21	2	0	28
No factors at all	5	4	8	8	13	0	3

## CAPACITY AND STOCKS

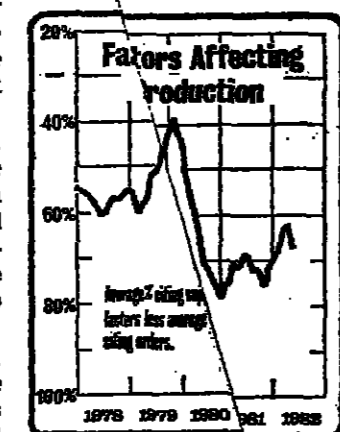
### Balance believes stocks too high

IN SPITE of the signs that the worst of the recession is over the survey shows that a balance of about a quarter of those interviewed still believes that stock levels are too high.

The substantial reduction in the rate at which stocks were being reduced recorded in official figures for the second half of last year was overshadowed by a fall of the balance of those surveyed who thought stocks were too high.

At about the end of 1980 a balance of about half those surveyed still believed stocks were excessive. This balance fell quite rapidly to 20 per cent by the late spring of 1981.

However, as the rate of destocking slowed down, the



autumn of last year. Since then, the pattern has been somewhat confused, although there is a slight tendency for fewer companies to believe stocks are excessive.

The index measuring the level of stocks in relation to current sales trends has lost some of the ground it gained last month, largely because of a shift in the brewing and distilling sector.

The index for capacity working has shown a further slight improvement, in spite of an increased tendency of the engineering sector to say that it was working at below capacity. However, this was offset by the more positive responses from the other two sectors interviewed.

balance which believes the level of stocks remained too high gradually increased to about a third of respondents during the

## LABOUR REQUIREMENTS (weighted by employment)

	4 monthly moving total				April 1982		
	Jan. Apr.	Dec. Mar.	Nov. Feb.	Oct. Jan.	Eng's (non-elec.)	Brews. & Distills.	Paper & Publishing
Those expecting their labour force over the next 12 months to:							
Increase	16	17	13	12	3	0	8
Say about the same	36	42	45	44	25	17	72
Decrease	48	41	42	43	72	82	21

## CAPITAL INVESTMENT (Weighted by capital expenditure)

	4 monthly moving total				April 1982		
	Jan. Apr.	Dec. Mar.	Nov. Feb.	Oct. Jan.	Eng's (non-elec.)	Brews. & Distills.	Paper & Publishing
Those expecting capital expenditure over the next 12 months to:							
Increase in volume	41	41	34	25	21	0	14
Increase in value but not in volume	7	9	11	9	3	0	11
Say about the same	22	20	23	20	33	88	21
Decrease	30	29	31	42	44	12	54
No answer	0	1	2	3	0	0	0

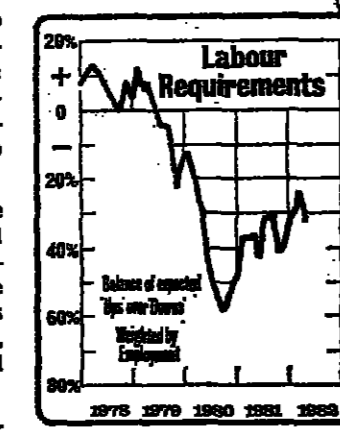
## INVESTMENT AND LABOUR

### Job cuts still expected

IN SPITE of the modest pick-up in demand, the employment outlook remains very poor, with the number of companies planning staff cuts still heavily outweighing those expecting to take on workers.

The paper sector was more inclined to maintain or expand employment than when last surveyed in December, but the other two industry groups broadly took the opposite view, producing a drop in the overall labour requirements index.

Fewer companies are report-



ing high wage cost and doubts about redundancy costs as factors inhibiting recruitment.

The indices for expected capital spending also dropped back. This reflected pessimism about investment spending in the brewing and paper groups, although engineering companies expected an increase in capital investment.

The engineering sector was also more inclined to expect an increase in the percentage of capital spending channelled overseas.

## COSTS AND PROFIT MARGINS

### More expect profits to increase

THERE were mixed views of the likely trend of costs among those interviewed in April. The paper and related industries sector tended to expect a greater increase in wages than it had done last December, but the engineering group took the opposite view.

There is, therefore, little

continuous fall from a high point at the beginning of 1980, when wage increases of about 17 per cent a year were generally expected.

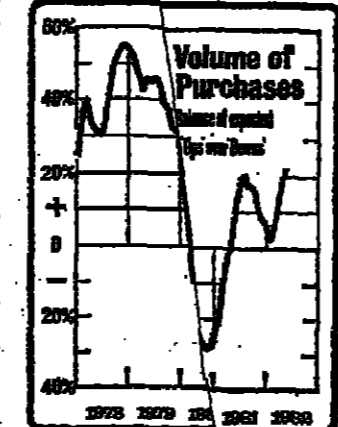
The trend of expected increases in average costs per unit of output follows a similar pattern, except that it is continuing to point downwards. The index for the four months up to April suggests a consensus view that unit costs will increase by about 8 per cent in the next 12 months.

Expectations about the trend of profit margins, which have improved somewhat erratically throughout the year, continue to improve. In April there was a quite sharp increase in the balance of those surveyed. They foresaw an increase in profits, bringing the four-monthly moving index of expected improvement to 50 per cent.

The trend of those expecting an improvement of earnings per share has also continued to rise to about 45 per cent.

These surveys, which are carried out for the Financial Times by the Taylor Nelson Group, are based on interviews with senior executives.

Three sectors and some 30 companies are covered in turn every month. They are drawn from a sample based on the FT Actuals Index, which accounts for about 60 per cent of all public companies. The all-industry figures are



four-monthly moving totals covering some 12 companies in the 11 industrial sectors (mechanical engineering is surveyed every second month). Complete tables can be purchased from Taylor Nelson and Associates.

## COSTS

	4 monthly moving total				April 1982		
	Jan. Apr.	Dec. Mar.	Nov. Feb.	Oct. Jan.	Eng's (non-elec.)	Brews. & Distills.	Paper & Publishing
Wages rise by:							
0-4%	3	2	2	2	18	0	0
5-9%	81	86	80	80	82	100	42
10-14%	15	12	16	14	0	0	51
No answer	1	1	2	4	0	0	7
Median change	7.9	7.8	7.9	7.9	7.0	7.5	10.4

	4 monthly moving total				April 1982		
	Jan. Apr.	Dec. Mar.	Nov. Feb.	Oct. Jan.	Eng's (non-elec.)	Brews. & Distills.	Paper & Publishing
Unit costs rise by:							
0-4%	8	4	2	2	22	0	0
5-9%	38	39	40	40	28	40	43
10-14%	30	35	36	32	27	33	43
Remain the same	2	0	3	4	9	0	0
Decrease	2	2	2	2	4	0	7
No answer	19	16	17	17	9	27	7
Median change	8.8	9.1	9.3	9.2	6.9	9.6	9.6

## PROFIT MARGINS

	4 monthly moving total				April 1982		
	Jan. Apr.	Dec. Mar.	Nov. Feb.	Oct. Jan.	Eng's (non-elec.)	Brews. & Distills.	Paper & Publishing
Those expecting profit margins over the next 12 months to:							
Improve	60	47	46	42	82	87	64
Remain the same	28	38	42	47	18	13	28
Contract	10	14	12	11	0	0	7
No comment	2	2	0	0	0	0	0

## APPOINTMENTS

### Chairman for Low & Bonar

Mr. Dermot de Trafford, currently deputy chairman of LOW AND BONAR, is to take over the chairmanship of the group on June 1 following the retirement of Mr. A. J. M. Miller. Mr. de Trafford was connected with the GHP group of companies from 1963 until 1977 when GHP joined Low and Bonar. He is also deputy chairman of Imperial Continental Gas Association and a director of three Belgian companies, including Petrofina SA.

Mr. David Young has been appointed managing partner of chartered accountants SPICER AND FEGLER. He succeeds Mr. Richard Langdon who will continue as senior partner of the firm.

appointed director of HAYS GROUP. Mr. David Clabrut and Mr. Reginald Cook, chief executive and deputy executive of Hays Ltd, and Mr. David R. Betts have been appointed directors of Hays Property Corporation.

Mr D. A. Webber and Mr J. D. Wicking have been appointed directors of LONCON.

Mr Robin Baum is joining the board of THE EGLISHER ASSOCIATION TRUST as director in charge of making services. He was a assistant director of N. M. Rothschild and Sons.

HOOPER has appointed the three general works managers in charge of the company's manufacturing centres as associate directors—they are: Mr Brian Bristow, Perivale; Mr William Cameron, Cambuslang; and Mr Dennis Jessopp, Merthyr Tydfil.

Mr David Bachelor has been appointed development manager of the London division of JARDINE GLANVILLE (UK). Mr Bob Band has been appointed assistant director of IMCI, a subsidiary of Jardine Glanville (UK).

Mr John Gulling has been appointed executive director, public affairs, Europe of MRCN SHARP AND DOHME INTERNATIONAL. He has overall responsibility for government relations and EEC liaison of the parent company, Merck and Company Incorporated, of Rahway, New Jersey. He will be based in London. Mr Paul Raman has become director of legal external affairs of Merck Sharp and Dohme. He was previously manager of legal affairs at Smith Kline and French.

Mr Jerome L. Hanan has been appointed a director of THAME INVESTMENTS AND SECURITIES.

Mrs Margaret Martha Maclean has been appointed a director of BAKER ELECTRONICS. She is company secretary.

Mr Tom Harrison, a director of the international division of TOZER KEMBLEY AND MILLBOURN (HOLDINGS) has retired after 25 years with the company. He has been concerned with the financing of international trade and was for 15 years, successively managing director and chairman of Tozer Kembley and Millbourn Limited. He was elected president of the British Importers Confederation last year, is chairman of the Export Finance House Committee, a member of the Export Credit Insurance Comprehensive Guarantees Group and executive council member of the British Export House Association.

Mr Adrian F. M. Friendship has been appointed to the divisional board of the safety division of HALMA. He remains managing director of Castelli Locks, a Halma safety division subsidiary.

Mr T. V. L. L. (Tom) Parkinson has been appointed as managing director of FISHER CONTROLS for the UK.

At the DERBYSHIRE BUILDING SOCIETY Mr A. Gilbert Meach is relinquishing the chairmanship, but continues as a director. His successor as chairman is Mr J. Trevor Clarke, senior partner, Maynard and Company. He has been deputy chairman since 1977. The new deputy chairman is Mr Antony M. West, partner in the Sheffield stockbroker firm of Nicholson Barber and Company.

Mr Geoffrey Raughton has been appointed an executive director of ALLIED INTERNATIONAL DESIGNERS GROUP. He is chairman and co-founder of MAS Survey Research.

Mr Brian Williamson, a director of Gerra and National, has been appointed managing director of a joint company with InterCommodities which will be known as GNL. The board will consist of the Earl of Eglinton and Winton, chairman, with Mr H. E. Davies, Mr R. J. Elkington and Mr C. J. Starples.

HERBERT SMITH AND CO. solicitors, have admitted Mr R. D. A. Fraser, Mr C. D. Tavener, Mr H. R. Carl, Mr J. R. Farr and Mr J. R. Wood into the partnership.

Mr Derrick Hopkins has been appointed sales and marketing director of BURRUP, MATHESON AND COMPANY, subsidiary of the Burrups Printing Group. He succeeds Mr Bob Hodgson who was recently appointed managing director.

Mr John Henderson has retired from the partnership of CAZE, NOVE AND COMPANY, stockbrokers. Mr Michael Wentworth, Stanley, Mr Christopher Smith, Mr Bernard Czepeve, Mr Harry Henderson and Mr Christian Kindersley join the partnership.

Mr Robert L. Barcl



# GARDENS TODAY

## Victims of winter's blast

BY ROBIN LANE FOX

MY GARDEN has just stopped looking like a graveyard. The tulips are in their first flush, none finer than that lovely Darwin Apricot Beauty. The auriculas are flowering as never before, as if to celebrate their cosy life beneath a proper blanket of winter snow. My blood-red anemones, called Pavonia, turn out to be a perfect match for the deep scarlet heads of a huge hybrid tulip, called Dover. The neglected blue-eyed Mary, or Omphalodes, has made a small sheet of intense blue flowers beneath a mixed border of shrubs. The acid-yellow flowers on the vigorous spurges are running as freely as ever down the face of a sloping bank. It might almost be a usual spring until you stop and realise that most of the garden's backbone is stone dead.

The winter has taught us all lessons. All readers of gardening columns now know how to take their generalisations with a healthy pinch of bonemeal. How often have I written of the vigour and profusion of the copper-pink rambling rose, called Albertine. I believe I have called this the rose which would least like to leave out of the garden. The winter, obligingly, put my wish to the test by killing all but two side shoots on a huge old Albertine, which I had trained against a west wall. Around the corner lived the climbing form of gentle Brunner, that charming China rose, whose tiny shell-pink flowers are a perfect fit for modern button-holes. Known to be less hardy, it survived all previous winters, but is now dead from top to bottom.

This, then, is the spring in

gardens. The old bushes, I find, have died totally, whereas younger ones pulled through. A young, surviving plant of the cyprus confirms this magnificent variety as the toughest of those with white flowers and a deep contrasting blotch. Up to five feet high, it is still worth space in the middle row of any mixed border.

The less familiar white laurel-foolus has been quite untroubled, proving its worth as the safest cistus for gardeners on exposed sites. Mine faces north, across ten miles of untroubled country, so it ought to know. The lovely halimolobos, white-flowered with a brown central zone, has packed up entirely. In a south-facing site, I will try it again, as it grows so quickly and flowers freely when young.

Ceanothus are a miserable story. Like dying speculations, they flickered once in March to lure back their hopeful owners. Since then, they seem to have died to their lowest roots. Perhaps the tough, dark-blue hybrid, vetchians, may pull through in my will, but half of it is already dead. We should replace the others, of course, as they grow so quickly and ought to escape such abnormal winters for many years. But none survived in gardens which I know, unless they were favoured with shelter or mild Home Counties warmth. My favourite green-yellow lupulorum, also died en masse, until I wonder where new stock will ever be found on the market. It, too, had survived all previous winters happily enough.

To my surprise, the small winter-scented evergreen, called

sarcococca died by the yard, as did that essential grey leaved senecio, a plant which we all have to replace from young cuttings.

I am delighted to find how much of that dreary white-flowered evergreen, laurestinus, was knocked out, just when its popularity was rising in shops. Its leaves are too drab to be worth the space. Spotted laurel proved regrettably tougher, but some promising holes have been driven through dreary privet hedges.

Tall semi-evergreen content-easters were surprising and regrettable victims, deaths which I never expected. Younger plants again fared better than old ones, but I will think twice before giving them my worst northerly aspect. The tougher elegant pulled through and, although it is now shedding more leaves than usual, it is only exchanging them, not dropping them for good. Escalonia has been massacred.

Lastly, a word of warning. Do not throw out any shrub which matters to you, until August, at the earliest. From past records, you will find new shoots from the base in late summer, which will prove that the sap is running faintly. I could not say whether a wall-trained fig, for example, was dead or alive, so soon after the event. If they do sprout again, their first stirring may never give you your shrub back again in full glory. But, at worst, you can use the shoots for new cuttings. At best, you can wait another year and see how far your wreck recovers from those past Antarctic gales.

WHERE a party to an action raises issues previously litigated in an earlier action to which he was party, such issues being common to both actions, he does not abuse the process of the court if his purpose is not to attack the previous decision, and he has already unsuccessfully tried to avoid relitigation by seeking consolidation of the two actions.

The Court of Appeal so held when dismissing appeals by Mr James William Bragg, a representative Lloyd's underwriter, and C. E. Heath (Marine) Ltd, marine insurance brokers, from Mr Justice Goff's decision giving leave to Oceanus Mutual Underwriting Association (Bermuda) Ltd, a mutual insurance club, to amend their points of defence in a Lloyd's action against Oceanus and Heath, to commence in the Commercial Court on May 10. The action arose out of the provision of insurance cover for CTI International Inc, an American corporation.

LORD JUSTICE KERR said that CTI leased containers to shipping lines. Its standard forms of leasing provided that the first slice of any damage should remain the responsibility of CTI. It insured itself against that liability.

CTI's American insurers were unhappy with their claims experience and declined to continue a risk beyond June 1 1975. CTI instructed its brokers to find fresh cover. They approached Oceanus, the CTI action against Oceanus alone; and the Lloyd's action on the reinsurance policy against Oceanus, and alternatively against Heath for breach of duty. The central issue in both actions concerned Mr Fleetwood's alleged non-disclosures and misrepresentations in his various negotiations with Oceanus.

In 1980 Oceanus applied for an order to consolidate the two actions on the ground that issues, evidence and witnesses were common to both.

The application was strongly opposed by the three other parties concerned, CTI said it was equally unhappy and they gave notice of cancellation as from June 1976. Mr Fleetwood

persuaded them to allow the cover to run on up to November 30 1976.

Lloyd's arranged for an investigation by an adjuster who concluded that there appeared to have been non-disclosure by Mr Fleetwood. They intimated that they would seek to avoid the CTI cover for non-disclosure and bring proceedings against Heath, unless they were relieved from liability for the "run-off" by reinsurance.

Mr Fleetwood accordingly had the double task of finding new insurers for CTI as from December 1 1976 and of finding reinsurers for the run-off of the Lloyd's cover. He approached Oceanus. After negotiations in which the Lloyd's claims experience figured, Oceanus agreed to take over the CTI cover as from December 1 1976. After further negotiations, they agreed to reinsure the run-off of the Lloyd's policy.

Oceanus became greatly dissatisfied with their claims ratio under the direct insurance of CTI, and under the reinsurance of Lloyd's. In February 1978 they claimed to avoid both policies on grounds of Mr Fleetwood's alleged non-disclosure and misrepresentation.

Those claims led to two actions against Oceanus: the CTI action on the CTI policy against Oceanus alone; and the Lloyd's action on the reinsurance policy against Oceanus, and alternatively against Heath for breach of duty. The central issue in both actions concerned Mr Fleetwood's alleged non-disclosures and misrepresentations in his various negotiations with Oceanus.

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**BBC 1**

6.40-7.55 Open University (Ultra High Frequency only). 9.05 For Schools, Colleges, 10.00 You and Me, 10.15 For Schools, Colleges, 12.30 pm News After Noon, 1.00 Pebble Mill At One, 1.45 Over The Moon, 2.01-3.00 For Schools, Colleges, 3.15 Songs of Praise from Evesham, 3.53 Regional News for England (except London), 3.55 Play School, 4.20 Scooby Doo, Where Are You?, 4.40 Play Away, 5.05 John Craven's Newsworld, 5.10 Secrets, 5.40 News, 6.00 Regional News Magazines, 6.25 Nationwide, 6.50 Up A Gum Tree with David Bellamy (London and South East only), 7.20 The Wednesday Evening, 7.30 The Little A.C.T. starring Theodore Bikel, 9.00 Party Politics Broadcast by the Conservative Party, 9.05 News, 9.30 Taxi, 9.55 Sportsnight: Snooker, The Embury World Professional Championship; Boris Yip v Tony Sibson v Jacqui Chinn; Cricketer special feature on Viv Richards, 10.50 A Question of Guilt: The sad case surrounding Mary Blair (final part), 11.45-11.50 News Headlines.

**TELEVISION**

**Chris Dunkley: Tonight's Choice**

You could have a well balanced television diet tonight by choosing one programme from each channel. Amazingly they don't even overlap. BBC 2's World About Us reports on the booming illicit trade in wildlife. With 27m items passing through just one airport (Miami) the scale is clearly vast: parrots, monkeys, tortoises, crocodile bags and fur coats are constantly in demand.

The last of ITV's series I Remember Nelson deals with the Battle of Trafalgar as seen by one of the Victory's lower deck gunners. It may settle a mystery that has long intrigued me. When we chant "One, Two, Six!" while hauling a boat up a beach or talking on a rope are we really echoing the orders to Nelson's gun crews: one to prime, two to load, and six to run the gun back out of the port?

Remembering the commercials, that should end just in time for Sportsnight on BBC 1, a consistently high quality programme which tonight features three leading sportsmen: snooker player Steve Davis who has just lost his world professional title; boxer Tony Sibson who defends his European title against a French challenger; and cricketer Viv Richards who is profiled as a new season opens.

**LONDON**

9.30 am Schools Programmes, 11.54 Dick Tracy Cartoon, 12.00 The Munch Bunch, 12.10 pm Rainbow, 12.30 Play It Again with Diane Keen, 1.00 News with Peter Sissons, 1.20 Thames News with Michael Wilson, 1.30 Crown Court, 2.00 After Noon Plus, 2.45 The Six Million Dollar Man, 3.45 Three Little Words, 4.15 Sylvester, 4.20 Animals in Action, 4.45 Sunny Side Up, 5.15 The Royal Visit to Castletide, 5.45 News, 6.00 Thames News, 6.25 Help!, 6.35 Crossroads, 7.00 Where There's Life... 7.30 Coronation Street, 8.00 Seconds with Music, 9.00 Party Political Broadcast by the Conservative Party, 9.05 I Remember Nelson, 10.20 News, 10.50 Mid-week Sports Special introduced by Brian Moore: Speedway from Poole (commentator: Dave Lanning) and Football (first leg of UEFA Cup Final), 12.10 am Superstar Profile: Paul Newman, 12.40 am Close: 'Sit Up and Listen with Humphrey Littleton', †Indicates programme in black and white

**RACING**

BY DOMINIC WIGAN

But it is asking a lot of him to hump 20 lbs more than last year.

Two with better prospects are Draxon Palace and Right Regent.

Dragon Palace, a much improved stayer last summer when he made short work of the opposition in handicaps at Goodwood and Lingfield before running well at York, found the pace just too fast for him over one and three quarters at Sandown 12 days ago.

Making his seasonal debut there in the Chipman Turfcare Handicap, he never threatened

**DONEGAL PRINCE**, who a year ago won the Chester Cup, is back on the Roodee for today's 17-runner renewal of the Ladbrooke prize.

The Kellaway six-year-old, whose exploits after last year's victory included a highly profitable foray to Ascot, where he held off Good Thyme in the Queen Alexandra Stakes, should go well.

the two principals, John O'Groats and Brigadier Hawk.

Right Regent, the mount of Willie Carson for whom this has always been a happy hunting ground, showed his form at Epsom the day before Dragon Palace's run.

Vernon's Pools boss Robert Sangster is always keen to do well at Chester and his well-drawn Field Lady is expected to shine in the opening Sefton Fillies Stakes.

Field Lady showed enough promise on her debut at Newmarket in October to suggest that she will win a good race

as a three-year-old.

Although she lines up without the benefit of a previous outing her class will probably carry her through against an even better drawn opponent in Piggott's mount, Girl On A Swing.

**CHESTER**

2.15—Field Lady\*\*\*  
3.20—Right Regent  
3.50—Swiftfoot  
4.20—Ramiana  
**SALISBURY**

2.00—Corn Street  
3.00—Haycombe Barn  
4.06—Ridge Heights\*  
5.00—Glowing Halo\*

**ASIA**

1.20 pm Angkor, 2.45 Trapper John, 5.00 Am Angkor, 12.25 am Letters from Rio

**BORDER**

1.20 pm Border News, 2.45 Cartoon, 2.50 The Last Summer, 6.00 Look-around Wadner, 11.50 Border News Summary.

**CITRAL**

1.20 pm Citral News, 2.45 The Body Human, 11.50 Crossroads, 8.25 Central News, 11.50 Report: 'Crisis—The Deep End'

**CANNEL**

1.20 pm Cannel News, 2.45 The Cuckoo Waltz, 3.15 Royal Visit to Caserfeld, 5.20 Crossroads, 6.30 Report: 6.30 Royal Visit to Caserfeld, 9.00 Live in France, 1.33 Channel Late News.

**BBC 2**

6.40-7.55 am Open University, 10.20-10.45 Gharbar, 11.00-11.25 Play School, 12.30-1.20 pm Open University, 1.20 Snooker and Racing, 1.20 Future and Casualty, 15.40 Buck Rogers, 6.00 Snooker, 6.45 The Ascent of Man, 7.35 News Summary.

7.40 Hooked, 8.10 The World About Us, 9.00 Party Political Broadcast by the Conservative Party, 9.05 Butterflies by Carla Lane, 9.35 The Woman in White, 10.30 Cartoon Two, 10.45 Newsnight, 11.30-12.15 am Snooker.

**SCOTTISH**

1.20 pm Scottish News, 2.45 Love Boat, 6.00 Scotland Today followed by Action Line, 6.30 Report, 9.00 A Party Political Broadcast by the Scottish Conservative Party, 11.55 Search Light, 12.25 am Late Call.

**TSW**

1.20 pm TSW News Headlines, 2.45 The Cuckoo Waltz, 3.15 The Royal Visit to Caserfeld, 5.15 Gae Huan, 5.20 The Last of Summer, 6.00 This is Your Right, 6.05 Crossroads, 6.30 Television, 6.40 Sportsweek, 10.37 TSW Late News, 11.55 Money Matters, 12.20 am Postscript, 12.25 South West weather.

**TVS**

1.20 pm TVS News, 2.45 Bannan, 3.15 The Royal Visit to Caserfeld, 5.15 Watch This Space... Good News of the Week, 5.30 Coast to Coast, 6.00 Coast to Coast (cont.), 11.55

**TYNE TEES**

8.20 am The Good Word, 9.25 North East News, 1.20 pm North East News, 1.25 Where the Jobs Are, 2.45 The Love Boat, 4.15 Cartoon Time, 6.00 The World Tonight, 6.05 Crossroads, 6.25 Northern Live with Tom Coyne, 10.35 North East News, 12.10 am in the Picture.

**ULSTER**

1.20 pm Luncheon, 2.45 Call it Macaroni, 3.15 The Royal Visit to Caserfeld, 4.15 Ulster News, 5.15 Good News of the Week, 5.30 Good Evening Ulster, 10.34 Ulster Weather, 11.55 News at Bedtime.

**YORKSHIRE**

1.20 pm Calendar News, 2.45 Charlie's Angels, 6.00 Calendar (Emley Moor and Balinot editions), 11.05 The Living Legends of Jazz and Blues (Koko Taylor).

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**GRAMPIAN**

9.25 am First Thing, 1.20 pm North News, 2.45 Trapper John, 6.00 North Tonight, 11.55 Search Light, 12.25 am North Headlines.

**GRANADA**

1.54 am Granada Watoto, 1.20 pm Granada Reports, 1.30 Exchange Flags, 2.00 Crown Court, 2.30 Robert Browning—His Life and his Poetry, 2.50 The Last of Summer, 6.00 This is Your Right, 6.05 Crossroads, 6.30 Granada Reports, 11.55 The Living Legends of Jazz (Tom Waits).

**HTV**

1.20 pm HTV News, 2.45 Fantasy Island, 4.15 Ask Oscar! 6.00 HTV News, 10.33 HTV News, 11.56 Ladies' Man, HTV Cymru/Wales—As HTV West except—12.00-12.10 pm Ty Bach Two, 4.15 Here's the Boomer, 4.45-5.15 Doctor

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US\$4,000,000 — SERIES 04

**CELANESE MEXICANA, S.A.**

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May 5, 1982. By: Citibank, N.A., London, Issue Agent

**EUROBONDS**

The Association of International Bond Dealers Quotations and Yields appears monthly in the Financial Times

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1982

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THURSDAY 11th NOVEMBER TUESDAY 14th DECEMBER

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Another view of a chemical company. Sequence 7



Loredana Naso talking about her father Alfredo, a mechanic with Henkel Italiana.

**"Dad could stay with us because he got a job with Henkel"**

There are two things in life that we Italians love more than anything else — our family and the places we come from.

The first company my Dad worked for here near Frosinone, where I was born, was relocated to the North one day. The second one was closed. Those were tough times for us. For two years Dad was unemployed. He was just about giving up hope and going to Milan or Torino without us to find work. Then suddenly he saw this job advertised in 'Messaggero'. A chemical company called Henkel Italiana was looking for a mechanic. This time we were lucky. Dad got

the job. He works in the central workshop. His colleagues admire his technical skill and ingenuity. His pay is good. And what is more, it is secure. So my parents were able to send me to accountancy and book-keeping courses, and — better still — my brother could go to Rome University where he is studying for a degree in electronic engineering. Of course, we are all hoping that he'll be just as lucky as Dad and will also manage to get a good job here in our town.

Henkel Italiana S.p.A., Milan, with plants in Ferentino and Lomazzo, is one of more than 100 companies of the Henkel Group, situated in more than 40 countries. Worldwide sales 1981 = 8.8 billion DM. 34,000 employees. Headquarters Dusseldorf, Federal Republic of Germany. Product range includes laundry products, household cleaners, cosmetics, adhesives, industrial cleaners, oleochemicals, auxiliary products for textile and leather industries. Over 8,000 products for all walks of life.

Henkel  
Chemistry working for you.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LOREN

Greek pacesetter heads for Europe

Victor Walker on Piraiki-Patraiki's aspirations within the EEC

EVEN in Greece, where a popular saying acknowledges...



Aris Catsambas: his company "is already socialised"

Piraiki-Patraiki may not be the only Greek corporation to believe that the government of Dr Andreas Papandreu will eventually find a mutually profitable modus vivendi with private initiative...

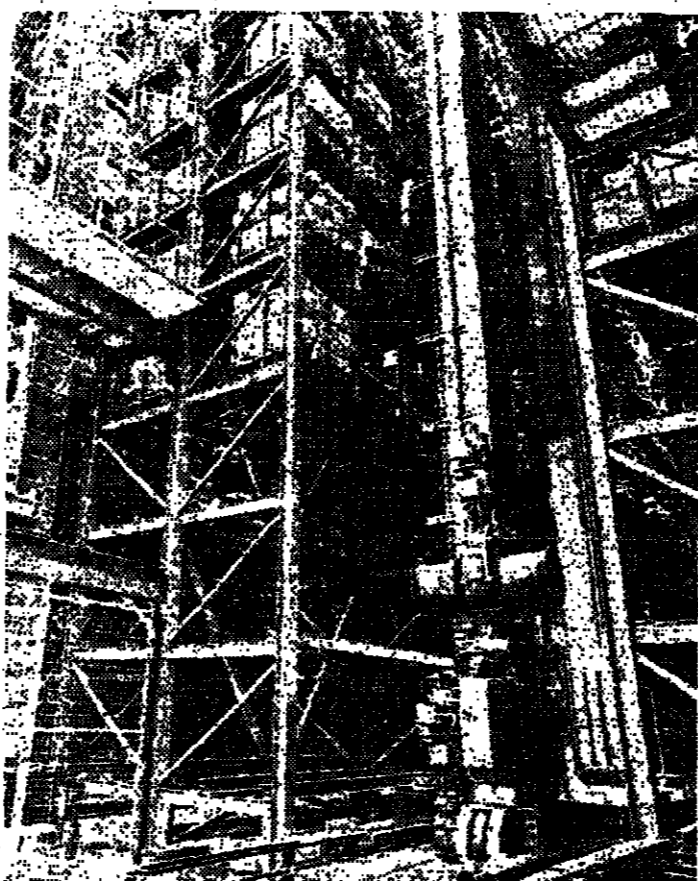
The warehouse is the latest addition to a growing industrial zone at Varioboi...

West German border with Holland.

Both moves were motivated by the same conviction: that there is a future for that part of the Greek textile sector that can withstand the inevitable increase in competition in its own backyard...

The significant difference between the two investments is that the warehouse was embarked on three years ago...

Stratos says acquisition of the Van Delden group, once the largest textile manufacturer in West Germany, "should be viewed as a move to consolidate our position in Europe after Greece's EEC accession..."



Piraiki-Patraiki's \$20m computer-controlled high-bay warehouse is the first of its kind in Greece

The company can now ship semi-finished grey cloth from its weaving units in Greece to be bleached, dyed and printed at the Ochtrup facilities...

"We expect an additional export volume for Piraiki-Patraiki of DM 40m a year in grey cloth, while joint marketing should increase sales of Van Delden lines fairly quickly from DM 70m to DM 100m a year," Stratos says.

large industries should be "socialised," Piraiki-Patraiki responds politely: "We already are." Through post-war acquisitions, mergers and expansions, Piraiki-Patraiki now has units in various parts of mainland Greece...

The new warehouse itself is an example of partial decentralisation, in that it replaces one close to central Athens that offered no room for expansion and where operations were hampered by the capital's apparently insoluble traffic congestion.

In 1981, Piraiki-Patraiki achieved a sales increase of 35 per cent to DR 11.4bn, which represented a substantial volume increase after allowing for inflation...

Catsambas believes the survivors in the Greek textile sector will be those companies that can achieve economies of scale through mergers at one end of the spectrum and the small, highly specialised companies with minimal overheads at the other.

At that point, he says, "the Greek textile industry should be an important force in Europe, represented by fewer, larger and healthier companies."

Stratos looks to a 25 per cent casualty rate to trim the number of independent units in the Greek industry to 300 over the next seven years...

BOARDROOM BALLADS EXECUTIVE BROTHERS

Should we, since the times are hard, Get ourselves a union card? And, with all our boardroom brothers, Organise like all the others? Should we bite the corporate apple, And pay our dues to join the Chapple, Or seize our Battleship Potemkins, By courtesy of Brother Jenkins?

Should shareholders and workers seem Much better placed to line their dream Than managers who do not bother To be the one thing or the other? Why separate, but fail to be, The devil or the deep-blue sea, Playing our ineffectual fiddle Like helpless piggies-in-the-middle?

Bertie Ramsbottom

Next week: Factors of Distribution

BUSINESS PROBLEMS BY OUR LEGAL STAFF

Residence of company

A company which is registered and resident overseas and has no branch in the UK receives ground rents from a property situated in the UK. These are collected by an estate agent in the UK.

applies what course of action would you recommend? The simplest solution would probably be for the leaseholders to be instructed to pay the ground rents direct to the overseas company's UK bank account.

manner and to the like amount as such non-resident person would be assessed and charged if he were resident in the United Kingdom...

BUILDING SOCIETY RATES. Every Saturday the Financial Times publishes a table giving details of Building Society Rates on offer to the public. For further Advertising details please ring 01-248 8000 Extn. 3606

Occupation

It began from a tiny knitting factory in the port of Patras, powered by a 7 hp steam engine and backed by capital of Drs 150,000.

World War Two brought what Stratos describes as "the only major crisis we've ever had. In an unusual twist to the classic Greek custom of 'taking to the mountains'..."

Loyalty earned then is reflected today in the number of children, nephews and cousins of original employees working for the company in Patras...

With Selwyn Thermography the good looks you get are standard. For free brochure and samples ring Bryan Wareing on 0284 62201. SELWYN THERMOGRAPHY

the future starts today in Gwent. Today fiction is becoming reality, and the communications revolution is reshaping the way we live. In the forefront of that change is Gwent, the new centre of Britain's high technology industry.

WE, THE LIMBLESS, LOOK TO YOU FOR HELP. We come from both world wars. We come from Korea, Kenya, Malaya, Aden, Cyprus... and from Ulster. Now, disabled, we must look to you for help.

"Autolease Capital Raiser. More cash in the bank. My cars on the Road!" "Autolease Capital Raiser means I keep my existing fleet of cars—and have extra cash in the bank for it too. Capital Raiser is unique and much more than an ordinary lease-back scheme.

How to cut fleet fuel costs even lower than All Star can. Find some other way your people can wheel themselves—and your products or services—around. But, if this is impracticable, and you're stuck with paying for fuel, All Star Petrol Cards really are the best way to cut the cost of it.



# FINANCIAL TIMES

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Wednesday May 5 1982

## LOCAL GOVERNMENT ELECTIONS

# Shadow of the task force

By Robin Pauley



They lost the poll—a result which elicited an anguished cry from Lord Thorneycroft, party chairman, as it came into Central Office.

In some areas—the London borough of Lambeth, for example—rates have become an issue. Lambeth had a rates cut this year after very high increases in previous years under the Labour leadership of Mr Ted Knight. The Tories have countered with a promise of cash rebates if elected. Manchester Tories are also promising rates cuts immediately if elected.

Value for money paid over in rates is becoming an increasingly important issue although Tories in some areas, such as Wandsworth, might find themselves voted out for having gone too far in cutting out services.

Council house sales may be an issue in those areas where Labour-held councils are, or have been, frustrating the wishes of tenants who want to buy. Norwich could be an indicator here: the Labour majority group having lost a court case against Mr Heseltine, who introduced the Right to Buy legislation and is determined to allow all council tenants who wish to become home owners.

Spending levels may be an issue in London and the high spending metropolitan areas. Labour generally wants higher spending for better services; the Tories want lower spending and better services. Major Labour gains would make life more difficult for Mr Heseltine.

Labour has recently promised a one-year rent freeze if returned to office nationally and this seems to have boosted the party's popularity, at least in some London housing estates, although the electorate generally tends to be healthily sceptical about vote-now, cast-later promises.

Urban transport is a major issue in London and the metropolitan areas and is Labour's key card in the capital. The Law Lords ruling against the GLC cheap fares scheme and the Government's failure to do anything about it has been doing the Tories great harm.

If the SDP does well it will have destroyed its image as a media party and will have altered the framework of British politics. It will have the vital local framework as a basis for a national political campaign.

If the Tories do well it will be almost solely due to the Falklands but will give the Government a boost in its campaign on the economy, local council spending, staffing and efficiency.

Whatever happens, the impact of tomorrow's results will be on local issues—education, housing, rates—for the next four years. Mr Roy Jenkins, Mr David Steel and Mr Michael Foot agreed yesterday it would be "ridiculous" to vote about the Falklands instead of those matters. The Tories were silent.

# Reverting to diplomacy

THERE WERE, in effect, three statements on the Falklands crisis in the House of Commons yesterday. Prime Minister's Question Time was devoted exclusively to the subject and Mrs Thatcher was followed by formal statements by Mr Francis Pym, the Foreign Secretary, and Mr John Nott, the Defence Secretary.

It was the sinking of the Argentine cruiser, General Belgrano, at the weekend that dominated the proceedings. "Falklands" was the word of the day and the subject of the debate was potentially so large and partly because the ship was outside the 200-mile total exclusion zone declared by Britain around the islands. For the Labour Party, Mr Denis Healey asked several times how far away were the British vessels it was supposed to have threatened and was given no proper answer. Mr Nott was wrong to be so elusive. He should provide more information. It is precisely this kind of incident that can jeopardise international sympathy for Britain's position.

Mr Alexander Haig, the U.S. Secretary of State, has already made known his reservations. At the same time, the Government should make clear to the world its determination to resume negotiations, whether along the lines of the Haig plan or any variant yet to be worked out.

Nothing in the ministerial statement yesterday was incompatible with this approach. It was Mrs Thatcher herself who referred positively to the possibility of a solution being achieved through the good offices of the President of Peru, Sr Fernando Collor. Mr Pym said in answer to questions that Sr Perez de Cuellar, the UN Secretary General, could already be called an intermediary in that he is in touch with both sides to the dispute, Britain and Argentina. The Haig plan remains in being, ready to be picked up. Any and every opportunity to bring Argentina back to the negotiating table must be pursued.

The trouble is that the Government has not always spoken with such consistency. The diplomatic and the military aspects of its policy were supposed to go hand in hand. After the military escalation of the last few days, it is time to revert to diplomacy.

# Bad marks for the Eurocrats

THE HOUSE OF Lords select committee on the European Communities has produced a highly critical, not to say damning, report on the work of the European Commission. The select committee's recommendations make plain that it shared a widely held suspicion that the Competition Department at Brussels is dilatory, excessively secretive, and combines the role of investigator, prosecutor and judge.

These conclusions must not be taken lightly. The House of Lords has secured a good reputation for the watch it keeps on the performance of the Eurocrats. The select committee in question was a distinguished one. Lord Scarman was in the chair and the members included a number of Law Lords.

Moreover, the subject matter goes to the very roots of the Community. The prosperity of Europe, its role in world trade and even its security depend on making its industries efficient and keeping them on their toes by free and undistorted competition in its internal market. The Treaty of Rome assigns to the Commission this central role of preventing abuses of market power, restrictive practices, the compartmentalisation of markets by distribution agreements, and the abuse of intellectual property rights.

But in order to do so, it must put its own house in order and apply methods which are both effective and fair. In practice, the Competition Department has displayed weakness in its decision-making procedure. It is quite unrealistic to try to protect competition while keeping thousands of notified inter-company agreements in a perpetual state of provisional invalidity.

After hearing evidence about the fairness of the Competition's procedures, the select committee concluded that administrative convenience is no ground for lowering the standards of natural justice. What lies behind the charge of "administrative convenience" is split out in the committee's report. Though many cases had been put on the "dead" file, leaving the applicants in a legal no-man's land, 3,882 live cases were pending at the end of 1981. Of the 293 new cases taken on in 1981, only 11 were decided. The great majority of pend-

ing cases, therefore, are in limbo. The Confederation of British Industry has rightly said that that poses an unacceptable dilemma for industry. Frequently, no doubt, these delays can be blamed on inadequate staffing of the Competition Department in Brussels and, indeed, the Lords select committee recommended a review of staffing arrangements.

As a palliative the select committee suggested either that notified agreements should be treated as provisionally exempt until the Commission has reached a final conclusion; or that exemption should be granted automatically unless there is a firm ruling within a specified period. Neither proposal constitutes an ideal answer, but at least the log jam may be broken.

But the Select Committee went further. It also called for a review of the amount of co-operation between the Competition Department and other sections of the European Commission; and of the efficiency of the department's procedures for fact finding and economic analysis. That strikes at the heart of the matter. Competition policy must not merely be enforced—it must be enforced with a full grasp of the circumstances and the likely consequences.

To meet complaints that the Commission acts as a kind of Star Chamber, the Lords committee proposed the appointment of an additional director of the Competition Department who would not be involved in investigation but would draft the final decision.

The proposal is something of a half-way house between British traditions and those of the Continental member states, where administrative decisions having the force of judicial rulings are not unusual. But one has to add that the rulings that the Commission makes in matters of competition law can be challenged before the European Court.

Every one of the questions raised by Lord Scarman's committee is of direct and continuing importance to almost every European business involved in intra-Community trade. The recommendations should be given early and intensive attention. They must not be allowed to disappear in the quicksands of Brussels.

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next four years of local administration.

There have always been complaints about the fact that local polls attract a low turnout—often under 40 per cent—and are influenced by national issues. In a sense, some national issues are bound to play a role because the economy, unemployment, inflation are intertwined with local affairs and local life. But if the opinion polls are right there will be a large turnout tomorrow—over 50 per cent—accounted for by people's intentions to vote on an international issue.

This turns the usually difficult job of psephologists into a nightmare. But it is still possible to look for some general trends. Major changes of political control outside London are unlikely and the scope for changes within London is limited.

The elections take place in the nine Scottish regional councils, all 32 inner and outer London boroughs, all 36 English metropolitan districts and in 103 of the 296 English non-metropolitan districts.

Of these 180 councils, 51 will have all-out polls with their full councils up for re-election—the Scottish regions, the London boroughs and ten of the metropolitan districts. The other 29 metropolitan districts and all 103 non-met districts all have just one-third of the councils up for election.

The London boroughs cover 92 Parliamentary constituencies and with an electorate of more than 5m and 1,914 seats to be contested this is the key area to watch.

The 10 full election metropolitan districts are also important. They are: Birmingham, Dudley, Gateshead, Kirkcaldy, Manchester, North Tyneside, Salford, South Tyneside, Sunderland, and Wakefield. Dudley is hung, the other nine are Labour. Labour holds four of the nine Scottish regions and is unlikely to gain any more. It could lose Lothian, gained in 1978, where it has a majority of one, and has been involved in bitter confrontation over expenditure levels with Mr George Younger, the Scottish Secretary. Wales has no elections this year.

The Tories are fighting to hold on to many seats won in 1978 when Mr Callaghan's government was desperately unpopular. Labour is fighting to regain those seats and make some new gains. The SDP is trying to break this to-and-fro pattern and hold the balance in alliance with Liberals wherever possible.

Until very recently the trend in local council elections up and down the country has been strongly in favour of the Liberal-SDP candidates. The SDP is still only just over one year old.

It is also fighting to establish itself nationally rather than just in London where 86 of the 118 council seats it currently holds, mainly through defections from other parties, are situated.

In so far as it is possible to escape the Falklands impact what are the local issues on which these elections are being fought?

The Tories always make rates an issue, so far with almost no success. Labour won the GLC last year in spite of announcing in advance that their programme would have to be funded through higher rates and a supplementary rate. It is generally accepted that the reduced swing to Labour in London last year had more to do with fears about the Left-wing nature of some of the candidates and leaders than with rates. Two years ago Labour ran a minority administration in Wolverhampton, had the highest rate rise of any metropolitan district—44 per cent—and Labour gained control. In Preston the Tories pulled all the stops (and balances) out to peg the rate.

They will be doing well if:  
● they hold all their present 17 London boroughs;  
● they win anything else in London;  
● the poll is much over 40 per cent nationally;  
● they can hold Dudley and Salford;  
● they keep control in Sefton, Barry, Stockport and The Wirral.

They will be doing badly if:  
● they lose Tayside;  
● fail to hold on in Southampton;  
● they lose overall control of Chester, Southend and Colchester;  
● they lose large numbers of voters in the Midlands;

● the swing against them nationally is more than 6 per cent.

They will be doing well if:  
● they gain more than three London boroughs—Wandsworth, Ealing and Hammer-smith and Fulham;  
● they can consolidate hard in the vital Midlands areas;  
● they can hold on in Oxford and Lincoln and take overall control in Cambridge;  
● they can hold on in Lothian and win anything else in Scotland;

● they can stop the Alliance replacing them as the second party in most Tory councils.

They will be doing badly if:  
● they fall even to win the above three English boroughs;  
● they lose any London boroughs—Lambeth, Hounslow, Waltham Forest and Camden are vulnerable and would be disastrous losses;  
● if they fail to win Islington back from the SDP;  
● if they lose any of their Scottish regions;  
● they fare worse than 1978 anywhere, especially Manchester and Liverpool, Birmingham and Bradford.

SDP-Liberals will be doing well if:  
● they win control of anything more than Richmond in London;  
● they win outright control of anything else anywhere;

They will be doing badly if:  
● they pull more votes from Tory than Labour candidates;  
● they achieve second party status in councils in all geographical parts of the country;  
● they do better than the SNP in Scotland.

They will be doing badly if:  
● they fail at Richmond and are not a close second in Sutton;  
● they gain less than 30 per cent of the national vote;  
● they fail to become coalition partners in a number of hung councils;  
● they fail to become the majority party in Liverpool;  
● they lose control of either Adu or Hereford.

## WHAT TO WATCH FOR

### Conservatives

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● they lose large numbers of voters in the Midlands;

### Labour

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● they can hold on in Lothian and win anything else in Scotland;

● they can stop the Alliance replacing them as the second party in most Tory councils.

### Alliance

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## Men & Matters

### Laird of the engineers

Gavin Laird, general secretary-elect of the Amalgamated Union of Engineering Workers, Britain's second biggest union, lightly ascribes the narrowness of his victory over a Communist opponent not to any leftward trend among his members but to a revolt against Scots' sinfulness.



Gavin Laird—appealing for unity

Laird, 49, is like Sir John Boyd, the retiring incumbent, a Scot. He will, like Boyd, become ex officio union treasurer. And Boyd's careful stewardship of union funds was, says Laird, one possible reason for the anti-Scottish swing: "the treasurer is never popular—not that I would do things any different."

appears to act, as a loner. The narrowness of his victory over Ken Brett—just over 1,000 votes out of nearly 200,000 cast—coupled with the union's requirement that he run again for office in three years' time, may mean that he will wish to burnish his image.

Boyd, whose enthusiastic membership of the Salvation Army was only one of the features which made him special in the Labour movement, often used his union's journal as a pulp from which to exhort his enemies on the left and call for higher moral standards and a stiffening of the national will.

Laird is not of that stamp. Cool, sardonic and shrewd, he is on the movement's right, but showed signs yesterday of wishing to appeal to its left. He regretted the often yawning gulf which separates left and right in the fiercely political AUEW, and hoped that the two could unite in the fight against the Government's employment legislation, and for better wages and conditions.

He has been a paid official of the union at district and regional level for ten years, and spent the previous ten years as full-time convenor at the now-closed Singer plant in Glasgow. He has spent six years in the merchant navy—"I'm a convinced coward: it was to avoid being put in the army."

Before full-time officialdom? "I was a worker," he says, then laughs quickly and adds: "Only joking." A necessary caveat, with Boyd hovering in the background: the new general secretary may yet receive a sermon on undue levity before taking office.

### Breath-taking

The march of science is going to make it more difficult to drink and drive. In Germany, I hear, they now have ways of telling not only whether a

driver has had too much to drink but exactly what brand of spirits he has been drinking. Even if the drinks have been mixed, they can find out which kinds are involved and in what quantities.

According to the West German Automobile Association (ADAC), scientists at Göttingen University's Institute for Forensic Medicine made the breakthrough by perfecting techniques of measuring the level of any alcohol among the rest of the booze in the bloodstream.

The amount of this ingredient, apparently, can be used to identify the driver's brand of tipple as surely as his fingerprints on the glass. The researchers have already compiled tables identifying 280 brands of spirits on the market.

### On the slide

The Health Education Council, the body which tries to persuade us all to give up faulty life-styles, is looking for a new director whose own style doesn't include having a home on a hillside in California. Dr Keith Taylor, the present director designate, has had to resign because his house is slipping slowly into the valley below.

"They've had some very odd weather conditions in California lately," says the HEC chairman Dr Brian Lloyd, who now after finding the right man for the job is having to start the process all over again.

Dr Taylor, a Briton who was an assistant professor at Stanford University, was enticed home to work at the HEC at something less than half his U.S. salary.

But now his house is in such a state he needs his Stamford salary to salvage it. "Something like a third of the ground floor has moved away from the rest and had to be cut loose," Dr Lloyd said. "The house is uninhabitable and

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Observer

FOREIGN AFFAIRS

Falklands: time to be generous

By Ian Davidson

SR CALVO Sotelo, the Spanish Prime Minister, has rebuked the British Government for having negotiated "little and badly" over the Falkland Islands in the current crisis.



In the end, there will have to be a negotiated outcome acceptable to the interested parties. Otherwise, we will all face unending hostility and insecurity in the south Atlantic.

Alexander Haig, last Friday

Nevertheless, there are criticisms which can be directed against the British Government's negotiating stance, primarily on grounds of its secrecy.

In the first place, the absolute rule of secrecy has been repeatedly broken by the dribs and drabs of tantalising hints which have emerged on the British position—some of them mutually contradictory and the more or less authorised leaks on the American proposals.

In the second place, and more importantly, Britain needs to maximise the support of the international community, and especially that of the other member states of the European Community, and this means that it needs to go much further than would be usual in publicising its negotiating offer to the Argentines.

It certainly will no longer do to stand pat on the simple proposition that the Argentines must first get out of the Falkland and then we can talk. On the one hand, the Haig ideas have, by implication, already taken us into the murky area of discussions on the future; on the other, it is obvious that what we want and need is a political agreement with the Argentines, and that with every step in the military escalation, a political agreement will be either more difficult or less reliable, or both.

Even if a purely military victory were possible, by which the task force drove out the Argentine troops at gun point, it would almost inevitably leave us in a position where we should have to maintain a substantial and open-ended capability for defending the islands indefinitely.

of negotiations is that the negotiator should move as fast as possible from a tough opening position to the kind of compromise offer that an objective arbitrator might consider reasonably fair to both parties, and thus likely to be more durable than a patently one-sided deal.

For the same reason, it must surely be a mistake to follow the advice of those who would have the UK take the dispute to the International Court of Justice in the Hague. Since Britain needs a political agreement with Argentina, the second worst possible outcome would be a legal judgment that Britain has sovereignty in the Falklands—the worst being a judgment that sovereignty belongs to the Argentine—because it would make it politically much harder in Britain for the Government to negotiate any settlement which would satisfy the Argentines.

Dr Henry Kissinger's oft-repeated maxim for the conduct of negotiations is that the negotiator should move as fast as possible from a tough opening position to the kind of compromise offer that an objective arbitrator might consider reasonably fair to both parties, and thus likely to be more durable than a patently one-sided deal.

table: in the last resort this may mean no more than that they stick to the legal validity of their claim. They would, wouldn't they? The problem is not how to force the Argentines to make a public recantation of their claim, nor on the other hand to save the Junta's face, but to create conditions for a negotiation in which both sides can have reasonable expectations that their interests will receive due weight.

So in addition to recognising publicly that sovereignty is negotiable, the British Government needs to be much more explicit—and above all more consistent—about the role that would be played by the islanders in any such negotiation.

of the islands to serve the purposes of international peace and progress. Sol Picciotto, School of Law, University of Warwick, Coventry.

From Mr G. Webster-Gardiner Sir—My consternation at the stance adopted by the FT on the Falklands crisis has increased as the week has progressed. Business took me to an international conference in Switzerland. Every person with whom I discussed the subject—Swiss, Swedes, French, German, Australian, American, etc—expressed their support and respect for HM Government's stance.

The FT has not remembered the 1930s. Appeasement does not pay. The invasion of the Falklands, unimportant as they are, is naked military aggression, and in the case of Czechoslovakia—the Government deserves 100 per cent support. G. R. Webster-Gardiner, 45, West Hill Avenue, Epsom, Surrey.

audit panel would be able to make a fair valuation—quite a sufficient number of agencies have been sold in the recent past for the bases of valuation to be well known to professionals—and in the case of those which brokers are likely to be required to sell, the committee of Lloyd's could surely ask a consortium of members of that panel to state a fair valuation at which shares would be offered, first of all to names for whom that agency underwrites, and then to other members of Lloyd's, should members of the syndicate not wish to take up their proportionate share.

Only when these shares had failed to find a market would there be any case for allowing the assorted collections of wool-gatherers and widget makers who have begun to purchase agencies to make their offers, at terms to be agreed with the sellers (subject, as at present, to committee approval). For them, of course, there would be no need to adhere to the audit panel price.

At the same time, a start could be made on abandoning the anomaly of the non-voting share. These would have to remain for the shareholders who were not themselves members of Lloyd's, but for member-shareholders there could be no justification for such a restriction. Alan Smallbone, 30, Temple Fortune Lane, NW11.

contemplate a negotiating framework in which the islanders' wishes are largely if not entirely ignored. A middle position would seem to require a method of canvassing opinion on the islands—and that means in the absence of all troops—without giving the islanders an absolute veto.

The public exposition of a magnanimous British negotiating offer, might be tricky to sell to the Conservative Party, and might enrage the vociferous Falkland Islands pressure group. But if the Government exposes itself to the charge that it is putting too much weight on its legal rights and on its entitlement to use military force under article 51 of the United Nations Charter, and too little on the search for a negotiable settlement, it may find its international support withering away, and be increasingly reduced to the purely military options which cannot by themselves produce a political settlement, and may quite likely make such a settlement more difficult.

And in any case, magnanimity may be easier to sell to the House of Commons after a string of military successes. The first significant military setback would make it much more difficult. Of course, the Argentine Government may remain unmoved by any amount of British magnanimity short of total capitulation to their takeover of the islands. Unless the British Government is prepared to contemplate such capitulation, it must be prepared to go on using military force to get the Argentines out of the islands. But unless it is also prepared to offer a negotiating framework which is both reasonable and generous, it may not be able to persuade the Argentines that they have a better option than their present course of intransigence.

The mechanism for such a negotiation is an important but essentially secondary issue: joint meetings of the foreign ministers of Britain, the Argentine and the U.S., arbitration by the UN Secretary General, you name it. The important thing is for Britain to be seen to be unmistakably clear on what is negotiable (the future of the islands) and what is not (the presence of the Argentine forces).

Class in Britain

The persistence of the ruling elite

By Joe Rogaly

BRITAIN IS ruled by its upper class. If it is doing badly, then that is primarily the fault of the upper class. If it is to do better, then something must be done about the relationship between the classes.

No, I am not about to add, "therefore we need a revolution." It is just that this trio of propositions emerges fairly strongly from a new book, "British Society Since 1945," published as part of the Pelican series on the social history of Britain. The author, Arthur Marwick, is Dean of Arts and Professor of History at the Open University (a post that the upper class would not regard with unmitigated awe).

Professor Marwick's approach is not Marxist, but rather the pastiche to be expected from a practitioner of the curious sort-of-discipline called "social history." Never mind. He produces some useful nuggets, the most thought-provoking of which are those concerning the upper class. We even have a definition, taken from a letter written by Sir Ian Fraser in the 1930's, which is, "that reservoir of persons economically free and accustomed to responsibility from an early age." These people, says Professor Marwick, "as a matter of objective fact, turn out to exercise a dominance in the spheres of power authority, wealth and income totally disproportionate to their numbers." What is more, "they have a distinctive culture and life-style of their own."

He goes on to estimate that this class constitutes about 2 per cent of the post-war population. It is a nice round figure that smells suspiciously like what American academics call a "swag"—or "scientific wild-assed guess." This hardly matters. There is plenty of statistical evidence, in the dozen issues of *Social Trends* published since 1970, and in reports such as that of the Royal Commission on the Distribution of Income and Wealth, to support the contention that the top of our social pyramid is very narrow indeed.

What Professor Marwick does distinguish this top end from most of the middle-class (except possibly the highest fringes of the upper middle class); he also brings together the old aristocracy plus the new recruits

from industry, commerce, government, and the highest professions. He is not concerned with the traditional image of a brainless ruling class, commenting that "it is an absurd error to think of the upper class as stupid or indolent."

None of this would be particularly significant in most other countries, for all societies have their elites. In France there is possibly more formality and more stress on the dignity of status than in Britain. Americans have a clear class structure, although they hide it well. "Yet," says Professor Marwick, "the forms of class are, historically, more deeply entrenched in British society; they were not seriously challenged in the 40s, when they might have been, and were only slightly modified in the 60s. In the end, formality and authority

in other industrialised societies are related to function: a boss behaves like a boss because he is a boss. In Britain a boss behaves as he does because he belongs to, or has been socialised into, a particular social background."

As for the British worker, the "pride, tradition and class awareness" developed over nearly two centuries, have brought him to a position where he wages a constant, but usually very mild, cold war against his employer on the factory floor itself.

What is special to Britain, in short, is the amazing persistence of its particular elite. This book starts in 1945, following a war during which it was thought that, at the very least, the barriers to mobility between classes had broken down. It suggests that in the first post-war decade the upper class was more or less insulated from austerity. The same class ruled during the period of consensus that began to disintegrate after

1973; the early Labour leadership contained members of the upper class like Hugh Dalton, Stafford Cripps, and John Strachey; even today Tony Benn and Michael Foot, at the least, are of that ilk. "Of the 1977, Cabinet a quarter had been educated at public schools and Oxford (or, in one case, Cambridge)."

It is arguable that a common culture, a common way of looking at problems, unites most members of our upper class, including most new entrants, more than differences of party or policy divide them. If this is so then Britain's remarkable progress towards affluence in the years to 1972, as well as its relative fall-away therefrom in recent years, has taken place under the guidance of Professor Marwick's upper class. The working class, many of whom have never allowed towards upward mobility is weaker than at any time since 1945, as the TUC leaders well know.

New entrants to the upper class, able to refresh it and change its ideas, must therefore, short of revolution, come mostly from the bubbling middle. They are. Although Professor Marwick quotes copious statistics showing that the children of upper-class parents have privileged access to all desirable jobs, he also notes the evidence today of "greater mobility than ever previously into this upper class; and of members of this class taking jobs which formerly would not have been regarded as appropriate to their social status."

I am not sure that this solves the problem. My upper class friends often deny that there are classes, or class barriers in Britain; my outsider's eye is constantly spotting both the barriers and the damage to everyday working relationships caused by them. It may be true that nearly 40 years after the war Britain is beginning to loosen up the class logjam that has probably been more responsible for debilitating its economic progress than any other factor. But from here, and subject to correction in the Pelican Social History of Britain 1980-2000, it looks as if there is still a great deal more loosening up to be done. Allen Lane, £12.50.

Letters to the Editor

The Falklands: attractions of a UN trusteeship

From Mr S. Picciotto Sir—You have rightly drawn attention to the possible relevance of trusteeship status in resolving the question of sovereignty over the Falkland/Malvinas Islands. One would have thought that this solution would certainly have strong attractions in view of the emphasis that trusteeship places on the well-being of the inhabitants and the observance of their wishes in deciding the eventual status of the territory.

Soviet industrial output From Mr G. Spiridonov Sir—Your Moscow correspondent (April 2) presents a one-sided view of my country's economic situation.

Soviet industrial output met its targets for the first quarter of this year, showing a 2.9 per cent increase in daily output for the period, including a 3.7 per cent increase for March.

By our standards, however, it is a moderate growth rate. This was planned due to a shift in our mining and energy industries to relatively more labour consuming and costly deposits, the continuing construction of long-term projects and the agricultural problems resulting from successive years of bad weather.

In our planning for 1982 these factors were taken into account and that is why the proposed growth rates for this year are lower than for other years in the current five-year plan. Future rates will be boosted by the new capacities being brought into operation.

This is not to say that we are complacent. There is room for improvement and those responsible for our shortcomings have been made aware of this, however no justification for alarmist headlines such in "Acute concern over fall in Soviet economic growth." I am sure than many other countries

Trusteeship agreements included the power for the administering authority to establish bases and station forces in the territories for purposes not confined to the defence of the territory and the maintenance of law and order within it, and without requiring the supervision of the security council of such territories as "strategic." Furthermore, a proposal that the testing of nuclear weapons on such territories be regarded as incompatible with their status was rejected.

The composition of the UN, as well as the climate of world opinion, have undergone significant changes since the 1950s. In the present circumstances it is not unlikely that trusteeship might involve significant inhibitions on the military use of these islands. Whatever the outcome of the present hostilities, it is plain that the nature of the eventual regime proposed for these islands will provide an acid test of the concern of all those involved for the well-being of the islanders and for the use

would be rejoicing if they were achieving such growth. Gleb Spiridonov, Novosti Press Agency, 4 Zubovskiy Boulevard, Moscow.

Divestment at Lloyd's From Mr A. Smallbone Sir—Underwriting agents have long protested, modestly, that they are mere traders, and that they need not possess any specified examination qualification. Yet their responsibilities are awesome, so that the time has surely come to recognise that truly professional standards, and with them those same restrictions which professional men recognise as being inseparable from the status, should be adopted.

Happily, in the case of Lloyd's, there is a simple solution available: there are 20,000 or so members of Lloyd's, all of them having voluntarily submitted to the jurisdiction of the Lloyd's authorities, and there is no reason to doubt that they could find the money if they wished. The Merritt agency has sold a very small share of its interest in the stock market on terms which make it clear that only for the very best agency could a share proportionate to an individual name's "cut of the stamp" cost £10,000, and that for a name writing a very large premium income. Every one of the firms of accountants on the Lloyd's

The design was by Mies van der Rohe

From Mr P. Carter Sir—Having worked with Mies van der Rohe while he was designing the Mansion House Square scheme, I can say that the answer to the caption headline "Was the design by Mies van der Rohe?" (Letters April 30) is yes. Peter Carter, 1, Fleet Lane, E.C4.

Company share purchases

From the Chairman, Colt International. Sir—The Companies Act 1981 gave companies, far-sightedly, power to purchase their own shares, but changes in taxation were needed to make this of practical use. The Finance Bill includes such changes but is so drafted as to inhibit many, if not most, transactions. Mr Ralph Instone (April 7) referred to the most glaring restriction, i.e. that the purchase must benefit the company's trade, but there are other aspects of the Bill which demand amendment, particularly as regards "associates" and the qualifying period of five years. The rules make the protection afforded by the Bill so limited and uncertain as to be almost worthless.

The protection, such as it is, is directed solely to private companies where it could certainly do most good. Private company status has, I am convinced, great virtues, but it also has some weaknesses, two of which the Companies Act went far to remedy. One is in older companies, where control spreads by inheritance to persons remote from and uninterested in the company, save as a milch cow. The working shareholders would often buy these shares and bring control back where it belongs, but lack the capital. Using the company's resources would overcome the problem. The other weakness is mainly in new, small enterprises, whose importance the Government rightly emphasises. The entrepreneur lacks capital, but is reluctant to issue shares to outsiders. The investor has capital, but wants a share in the equity. The deadlock could often be overcome if the company had an option to buy out the investor.

The Companies Act could in time significantly strengthen the important private company sector, but not unless the tax rules are brought into sympathy. A. O'Hea, Colt International, Havant, Hampshire.

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UK COMPANY NEWS

Companies and Markets

# Tootal beats forecast with £14.9m

BETTER THAN expected profits are reported by Tootal, the textiles, clothing and thread group, for the year ended January 31 1982. Pre-tax profits are up from £7.25m to £14.9m which compares with a forecast of £12m.

The directors say that the profits increase—achieved from sales of £418.94m (£377.96m)—did not stem from any recovery in demand but almost entirely from rationalisation and improvements in efficiency.

The profit was struck after interest up from £12.07m to £15.71m. Providing for tax, and extraordinary charges up from £9.12m to £8.26m there is an attributable loss of £0.57m (£6.65m).

The dividend is unchanged at 2.5p, with a final of 1.25p.

The directors state that during the year decisions were taken to close all businesses for which no profitable future could reasonably be foreseen. Provision has also been made for all further anticipated reorganisation expenses.

They state that material progress has been made in turning round loss makers where potential markets justified the effort needed and all business is now capable of making an adequate return, given reasonable trading conditions.

The directors say it is impossible to be confident of improvement in world trading conditions in the current year. Nevertheless "earnings will be substantially up on those for 1981-82 include around £10m of write offs, losses of just over £5m from businesses sold or

closed, a £4m loss from the U.S. Ups 'N Downs operation, now sold, and around £6.5m still to be spent on rationalisation.

Mr Alan Wagstaff, chairman, says Tootal has now come to the end of its rationalisation programme. The UK workforce has been cut from 12,500 to just under 10,000 over the year. There were around 600 redundancies still to take effect as a result of the Stripes Printworks closure, but any future reductions "will be on a very small scale," he said.

But Mr Wagstaff reveals that there could be some hope for the Stripes workers as a management buy out was under negotiation. Financial support is being sought and the buyers were interested in the whole business which comprises the printworks near Stockport employing around 450, and the Manchester marketing operations with some 150 workers.

Stripes made a trading loss of some £2m last year and with the exception of 1977-78 has never made a profit. The group hopes that the sale will raise around £1m. Tootal expects a net cash inflow in the current year totalling £2m from the sale of stocks and assets of discontinued businesses.

The directors report that the group's thread operations have sufficient flexibility to cope with any increased demand and are progressing towards becoming an international business. Benefits of modernisation and rationalisations in the Philippines should also help.

In textiles, the group has withdrawn from the more unprofitable markets and is now more specialised. Clothing,

## HIGHLIGHTS

Lex briefly reviews the way in which the financial markets reacted to the weekend's hostilities in the South Atlantic before looking at the corporate news of the day. Tootal's figures for the year show pre-tax profits doubled to £14.9m but there is a substantial loss after £26m of extraordinary items. Lex then takes a look at two takeovers launched yesterday. There is an agreed bid from Clywedd for Duffell Steels valuing the latter at over £20m. The other is a contested bid with Charter Consolidated bidding for the 73 per cent it does not already own in Anderson Strathclyde. Having discussed these two situations Lex moves on to look at the latest figures from Foseco Minsep where 1981 profits are up 16 per cent pre-tax but earnings per share come out below the 1978 level. On the inside pages Hawley Leisure is spinning off an earlier U.S. acquisition by way of an offer for sale on the London Stock Exchange.

where almost 1,500 jobs went over the year, has had a considerably better start to the current year. With around 25 per cent of clothing turnover going to Marks and Spencer, Tootal hopes to benefit from the success of that group, the directors state.

In household textiles the group did reasonably well overall, although the Osman towels and sheets business was disappointing and trading is currently marginal. Some improvement is expected this year.

For the group overall, the chairman says: "I do not see any reason for any great optimism in the market we are in." One area of future expansion for the group is likely to be in the U.S. and the group's company there will be used as a vehicle for expansion.

There is also considered to be significant scope for improvement in the U.S. threads business, which accounts for around half of Tootal's entire thread capacity.

The directors point out that movements in exchange rates between the beginning and the end of the year increased the sterling equivalent of sales by the group's overseas operations to outside customers by £31.2m and pre-tax profits by £1.6m. For the same reason reserves of these companies attributable to the group increased by £12.2m and net borrowings by £8.5m.

Shareholders' funds at the year end were down from £124.4m to £112.5m. Borrowings rose from £58.1m to £69.5m. The directors say there will be a material reduction in borrowings when the sale of the group's interest in Bradmill Industries of Australia is completed.

See Lex

# Moben Grp declines to £0.8m

A SETBACK in pre-tax profits from £504,000 to £501,000 has been shown by Moben Group, furniture maker, for the six months to February 28, 1982. Sales were down from £17.79m to £15.2m.

The directors say that a number of new product ranges which have been successfully promoted are contributing to the maintenance of a satisfactory level of trading.

The payment of an interim dividend has been prevented by the historic deficit in reserves (nil). The last payment was a final of 0.8p in 1979.

Earnings per share were given as 1.7p (1.5p).

Pre-tax profits were struck after lower interest charges of £395,000 (£541,000). There was no charge for tax this time after a previous charge of £215,000.

## comment

Having been sorely caught out by Moben's performance under its earlier guise as Kitchen Queen the market is again looking at a set of results that are well below its expectations. Sales are £24m lower than the comparable period and £1.2m down on the previous six months. Profits also are a long way short of the market's hopes of well over £1m for the six months. The company may be very different from the Kitchen Queen days but the analysts are still getting it wrong. Moben blames the weather for much of the interim sluggishness. Ordering was up to the mark but the company could not deliver because of the snow. Sales could have been £17m the company says. But undoubtedly Moben is feeling the strains of recession as well. It's not alone in that but Moben, more than most, needs a bit of help for better things from the second half while the acquisition of Cold Shield and capital restructuring should, technically anyway, allow a final dividend. The shares fell 2p to 22p yesterday.

# Markheath sees £1.8m in current year

The directors of Markheath Securities, the property development concern which obtained a quote on the Unlisted Securities Market last August and which is hoping for a full Stock Exchange listing, are predicting profits of not less than £1.8m for 1982 before tax and extraordinary items.

The company returned profits of £1.34m for 1981, which compared with a prospectus forecast of not less than £1.25m and £1.05m the previous year.

In his annual statement for 1981 Mr Paul Bobroff, the chairman, says it is considered in the longer term interests of the group to create a portfolio of properties held for investment to complement its trading activities. It is envisaged that the portfolio will initially be established by the retention of suitable developments.

# Foseco Minsep boosted by Unicorn contribution

INCLUDING a final 12 months' contribution from Unicorn, against only four months previously, Foseco Minsep, the metallurgy, building products and specialty chemicals group, returned taxable profits of £23.4m for 1981, compared with £20.21m the previous year.

As predicted at the time of the £23.1m rights issue midyear, when profits were ahead at £11.35m (£14m), the final dividend being increased from 3.94p to 4.25p, lifting the net total by 0.40p to 7p per 25p share.

Group sales for the year under review were sharply higher at £378.55m (£274.97m) and trading profits emerged at £30.6m, against £24.55m.

The pre-tax figure was struck after net interest charges of £7.21m (£4.33m) and was subject to tax of £9.29m (£7.92m).

Minorities and preference dividends accounted for £1.52m (£1.02m).

Earnings per share are given as 17.5p (20.2p) on the enlarged capital before extraordinary debits of £4.36m (£12,000) which comprised plant closures and profits and losses on the sale of subsidiaries and associated

## DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Current dividend	Total last year
Foseco Minsep	4.25	July 2	3.96	7.1
French Kier	3.15	July 2	2.3	4.25
Midland Metals	2.75	July 5	2.5	4
Roberts Aldard	3	—	6	9
Satchell & Satchell Int.	7.5	Sept 30	2.4	—
Scottish Heritage	2	July 2	1.5	3
Sound Diffusion	0.72	July 24	0.6*	0.72
A. G. Stanley	1.5	—	1.5	2.35
Tootal	1.25	July 5	1.25	2.35

Dividends shown pence per share net except where otherwise stated. \* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM Stock.

companies.

Attributable profits for ordinary shareholders came through at £8.22m (£11.17m) after extraordinary items from which ordinary dividend payments amount to £3.33m (£3.56m). Retained profits amounted to £2.59m (£7.61m).

A divisional breakdown of sales and trading profits shows: Foseco £189.26m (£189.81m) and £19.23m (£17.45m); Unicorn £11.25m (£39.35m) and £2.99m (£2.58m); Foseco £35.66m (£35.98m) and £5.2m (£2.94m); Fosmin £30.64m (£29.79m) and 1.44m (£1.96m). Group expenses amounted to £1.66m (£1.43m).

At the beginning of 1982 the engineering plant, Kenwell and the components divisions of Foseco were transferred to the Fosmin sector. The trading results for 1981 and the comparative figures for 1980 are shown in the revised structure.

On a CCA basis pre-tax profits were £18.7m (£14.4m) and earnings per share 7.5p (11.3p). See Lex

# French Kier jumps to record £11.3m

SECOND HALF 1981 profits, before tax, of French Kier Holdings showed an advance from £4.86m to £6.84m taking the total for the full year up to a record £11.29m—exceeding earlier expectations and showing a rise of 31 per cent on 1980. Turnover showed a 10 per cent gain to £237m.

Earnings per 25p share are stated to be up from 13.4p to 16.1p. The dividend is lifted by 31 per cent from 3.25p to 4.25p net per share, with a final of 3.15p.

Mr J. C. Mott, chairman, says that the four main operating sub-groups all traded profitably during the year, but as indicated earlier in the year the profit contribution from each showed some marked changes compared with 1980.

Overall, the group result benefited from some £2.5m of net interest received compared with £1.2m in 1980. Net rents and other investment income rose by

some £150,000 to over £1m.

The chairman reports that the trading profit contribution from "Construction in Europe" showed a significant increase. An underlying improvement was achieved by French Kier Construction, while negotiated settlements of a number of long outstanding contracts issues within the subsidiaries had a beneficial effect on the results. Aggregate turnover was some 4 per cent lower than in 1980.

Profits of "Construction overseas" was lower than in 1980, although turnover rose significantly. No profit contribution was made on new work commenced during the year and results were also affected by the incidence of contract completions.

The chairman says that an increase in turnover of "Products and services" came mainly from increased business by Simplex Filing. That company's contribution to profit both from its

operations in the UK and overseas showed a material increase.

On the group's outlook the chairman says, "I believe that it would be imprudent to make our dispositions for the immediate future on an expectation of a significant upturn in the current economic climate."

Accordingly, he says, the group's UK order book has been maintained, and while additional overseas business has been secured, this has been achieved by pursuing a philosophy of marketing the group's speciality skills in new territories, says Mr Mott.

As regards the outcome of the group's trading for 1982 the chairman confines himself to saying that this is likely to be satisfactory to shareholders.

After providing for tax of £3.56m (£2.24m), minorities, and extraordinary credits of £1.64m (£4.8m)—mainly release of deferred tax—the profit avail-

able for distribution comes through at £9.25m (£11.15m).

**comment**

French Kier's shares bounced up 7p yesterday to a new record of 115p. The company continues to perform well against a recessionary background, pushing into new territories like Fiji, Papua New Guinea and the Philippines. The group's order book was at £300m at the end of March, compared to £150m a year earlier, FK says the new contracts are split evenly between UK and overseas work. Reflecting this surge in orders, bank balances fattened during the year to nearly £24m from £13m a year earlier. Despite Fairclough Construction Group's 15 per cent in the group, FK says it has no reason to expect a bid. The shares, now trading on a historic, fully-taxed multiple of more than 10, seem to disagree. The yield is more than 5 per cent.

# S. Pearson's low key plans

ALTHOUGH IT is hoped that 1982 will see some signs of a restoration in economic growth, Lord Gibson, chairman of S. Pearson and Son, tells members that directors have not based their planning for the current year on any material improvement in the level of demand for the group's UK businesses.

As reported on April 29, when the group unveiled its agreed offer of £22m for the publicly-held minority interest of 36.4 per cent in Pearson Longman subsidiary, group attributable taxable profits for the 1981 year went ahead from £36.7m to £43.3m, after a virtually unchanged first six months.

Lord Gibson says that the U.S. oil service company, Cameco, continued to enjoy the surge of demand for its equipment, and both book companies, Longman and Penguin achieved highly creditable results.

"Longman's dominant position internationally in many fields of professional publishing and English language teaching allowed it to ride out the adverse conditions at home and achieve profits well in excess of its previous peak."

The chairman adds that Penguin results were helped by a reduction in interest but it "remains one of the most highly geared of our businesses."

Lazard Brothers had another good year, the chairman says, thanks in part to a further strong increase in earnings from corporate finance activities, and Fairley Holdings, the specialist engineering concern, achieved "something like the level of profitability expected at the time we bought it"—profits

jumped from £505,000 to £4.35m.

He says there were, of course, some disappointments, "perhaps the most conspicuous of which was the increased losses by Doulton Glass." Within the Doulton group contribution, down from £12.18m to £8.23m, losses of the glass company rose to £3.44m, against £1.55m last time.

Lord Gibson explains that most of the damage came from the home improvements side where the level of business continued to fall faster than the management anticipated.

Since the year end directors have negotiated the disposal of this sector which should entail a return to profitability by Doulton Glass in the future, says the chairman.

Royal Doulton Tableware had a difficult year suffering in particular from a severe recession in North America, while Westminster Press, far from showing the hoped-for recovery, reported its lowest profits—£1.1m (£4.55m)—for some years.

Increased competition and persisting low levels of recruitment advertising more than offset the benefits of freedom from industrial disputes, Lord Gibson states.

Viscount Blakenham, chairman of Pearson Longman, says in his annual review that directors hope to continue the recent trend in profit improvement.

Our managements are committed to a significant growth in profits as a result of a combination of profit improvement programmes in the newspaper businesses and continued growth in both book companies."

Pre-tax profits advanced in 1981 to £21.22m, compared with £15.67m, on turnover up from £225.2m to £271.6m.

The directors of S. Pearson are proposing two share schemes for employees: a "Save as you Earn" share option scheme, to be approved by the Inland Revenue, and a senior executive share option scheme.

Meeting, MHBank Tower, SW, on May 28 at noon.

# Expansion by Trinkhaus & Burkhardt

By Stewart Fleming in Frankfurt

Trinkhaus and Burkhardt, the 67 per cent-owned West German subsidiary of Midland Bank, substantially increased operating earnings in 1981 and is now "poised to enter a new phase of expansion."

Consolidated assets increased by Dfl 50m last year, including a 15 per cent rise to Dfl 3.9bn in the assets of the German parent. The latter's interest earnings increased by 51 per cent, reflecting a recovery from depressed earnings of the previous year, and operating earnings by 27 per cent.

The improved results were helped by the wide margins that could be earned on discount business, and by purchases of bonds in the second half of the year as interest rates began to fall.

Trinkhaus itself is expanding its branch network into Munich.

# BNP shows rapid growth

The Chairman, Lord Hunt of Tanworth GCB, reports:

- In 1981**
- Assets exceeded £1½ billion
  - Profits up by a half
  - Sterling deposits up by a third
  - Foreign currency utilisation up by a third
  - Acceptances doubled
- In 1982**
- BNP will remain a leading FX trader
  - Expects to increase commodity financing, leasing and export services
  - Intends active participation in the new market for financial futures

The resources of the BNP Group place worldwide services at the disposal of all our UK customers.

Consolidated Figures	1981 £m	1980 £m	Per cent increase
Total assets	1,637.9	1,269.6	29.0
Shareholders' funds	68.2	59.1	15.4
Profits before tax	11.2	7.6	47.4
Profits after tax	8.8	6.7	31.3


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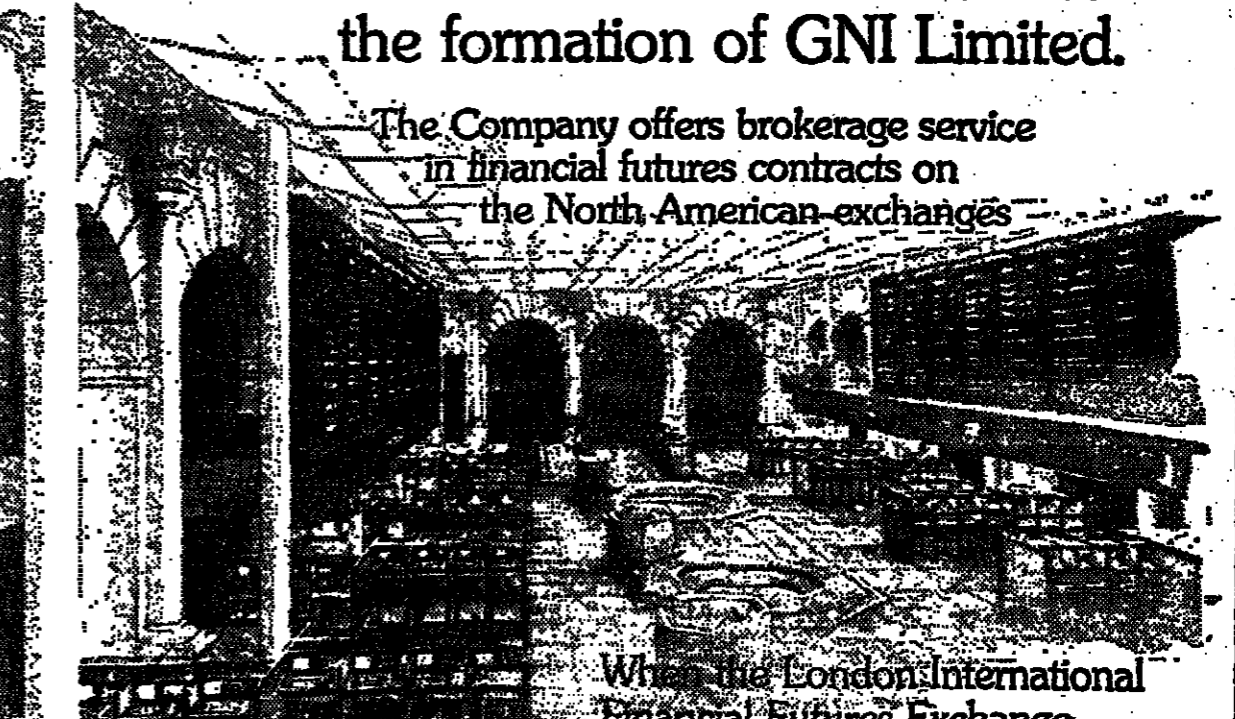


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## Gerrard & National plc and InterCommodities Ltd announce the formation of GNI Limited.

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RTZ من الجور

# Benefits of change

In his statement to shareholders, Sir Anthony Tuke said:

"Multinationals have been subjected to a great deal of criticism over the past few years, much of it ideological in origin and much of it is ill-informed. It is, however, right that corporations should review their responsibilities and make certain that their policies are correct and in tune with current thinking. It is not enough for international companies to shelter behind the laws of the country in which they invest; their responsibilities go beyond that. No government would, however, accept a foreign investor who deliberately stated his intention of flouting the laws of the land and the OECD guidelines for multinational corporations specifically enjoin those corporations to obey the laws of the countries where they operate.

If a corporation finds local conditions and attitudes unacceptable it has the option of refraining from investing in that country as it would do if the fiscal and financial climate were not sufficiently attractive. Withdrawing from an existing operation is much more difficult and may achieve little as local investors could take it over, maybe with less internationally acceptable standards and policies.

Any foreign investor has a clear responsibility to its employees and their families and, in the case of a mining company, to the local community, especially the indigenous population. The question both we as investors and the people who will be affected by a new operation must ask is, whether the benefits of a major investment outweigh the disadvantages change may bring.

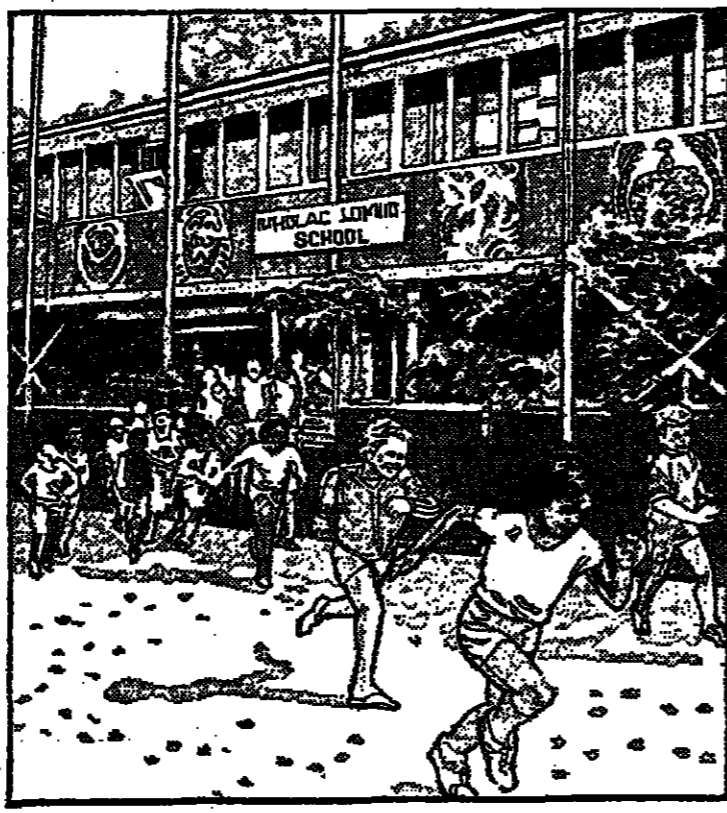
We do believe that the advantages overwhelmingly outweigh the disadvantages as we see the rising standards of living in the areas where we operate. These are evidenced by the high quality of housing, education, health and medical care, training and opportunity for advancement, as well as benefits to the wider community, especially in third world countries, of new sources of revenue and foreign exchange, together with educational and training opportunities from the independent foundations that have been established locally from the profits earned.



Growing vegetables in the back garden is one of the new skills taught by the Rössing Foundation to families in Namibia.



The highest standards of medical care are provided at group activities, particularly in less developed areas.



Educational opportunities at all levels for employees, their families and the wider community are an integral part of our operations.

## Australianisation

Some three years ago we agreed that the majority Australian ownership in CRA should be achieved over a period through the reduction of our interest to 49 per cent. This change in our shareholding will take place in the context of sound commercial development and investment and at that level our investment will have expanded in dollar terms. The authorities in Australia have been helpful and we are not under any pressure. We anticipate that during the next few years the RTZ interest will fall to 49 per cent but we do not expect any material change in the profits available to shareholders from Australia.

## Ward and Tunnel

One of the reasons for the 1980 rights issue was to enable the corporation to expand its activities in this country. The cement industry is in some ways similar to the mining industry and our successful offer for

Ward brought with it control of Tunnel: the subsequent bid for Tunnel at an agreed price has become unconditional. The management of RTZ regard the bringing together of these two important companies as a priority during the next few months.

## Future Outlook

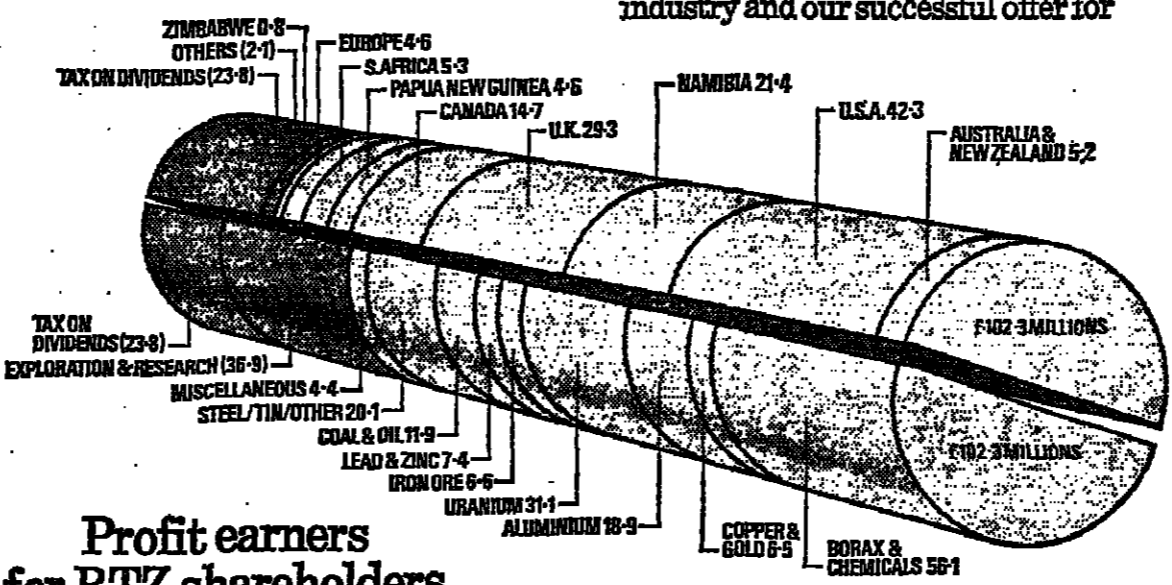
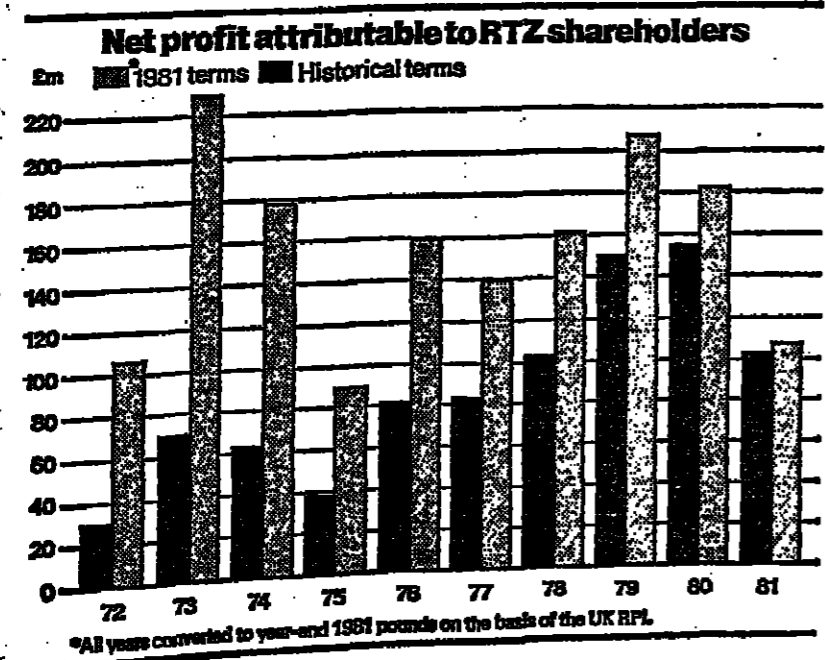
In some respects the economic forecasts of early 1982 are similar to those made a year ago but there is reason to believe last year's dismal pattern will not be repeated. Past experience suggests that prices would be unlikely to remain as weak for an extended period even if demand were to stagnate throughout the year. Hence any modest revival of final demand, or any improvement in business confidence, should fairly swiftly affect metal markets and the RTZ Group's low cost mines would benefit accordingly."

Anthony Tuke  
Chairman

If you would like a copy of the full RTZ annual report please write to: Group Public Affairs Department, 6 St. James's Square, London SW1Y 4LD.  
Fact sheets on various aspects of the corporation's activities will be available from 3rd June.



The Rio Tinto-Zinc Corporation PLC







UK COMPANY NEWS

IAN RODGER ON THE LOGIC OF GLYNWED'S BID FOR DUCTILE  
Men of steel prepare for UK upturn

Mr Leslie Fletcher, chairman of Glynwed, expects that the second half of last year was "the start of the renaissance of British industry."

This optimistic forecast, contained in the steel engineering and building products group's annual report published yesterday, goes some way to explaining its agreed 50.6m shares and cash bid for Ductile Steel.

Glynwed's own dramatic profit recovery in the second half of last year was largely due to a substantial improvement in the contribution from the group's steel and steel stockholding activities in the UK, Mr Fletcher points out.

Despite the deep recession in the steel business in 1980 and the early part of 1981, Glynwed's trading profits from steel and engineering finished the year up 9 per cent to £5.3m. And Mr Fletcher believes the UK steel market has a good future.

"We are trying to strengthen profits in those areas where we

do well. And one of those areas is steel."

Ductile, too, has been quick to recover. The re-rolling and stockholding group reported its first loss in 40 years in the year to June, 1981 of £2.17m before tax. But in the first half of the current year, it made a profit of £2.06m.

This recovery suggests that the two groups are among the most efficient producers in the private sector of the UK steel industry. Together, they would also be one of the largest.

Mr Fletcher sees these factors as important in the context of current efforts to reduce surplus capacity in the cold rolled narrow strip sector. An independent review commissioned by the Department of Industry in January is due to be completed shortly and is expected to recommend considerable capacity reductions.

"Because we will have more strength in the cold rolling area, we think we will be in a good position," he says.

In addition to cold rolling, the other steel business of the two groups are largely similar. Both are in hot rolling and stockholding and while Glynwed makes copper tubes, Ductile makes steel ones.

Mr Fletcher says more than 80 per cent of the combined turnover of the enlarged group would come from steel and steel stockholding in the UK and the U.S. Half of Glynwed's overall pre-tax profits of £19.2m last year came from overseas and the Ductile acquisition would help bring the UK contribution back to a targeted 60 per cent.

The deal would also strengthen Glynwed's balance sheet. Capital gearing stood at 66 per cent at the end of 1981 following a property revaluation but would fall to 53 per cent with the acquisition of Ductile, which is expected.

Ductile agreed to the Glynwed proposal very quickly—the approach was made only a week ago—partly because of what it saw as the fairness of the terms

and partly because it was in an uncomfortable position.

Last year, Caparo built up a 20 per cent interest in Ductile and, at one point in November, Ductile feared that a bid might be on the way and so called a brief halt to share dealings.

Mr R. Sidaway, chairman of Ductile, said the group had no complaints about Caparo "but when you are sitting with a shareholder who has 20 per cent plus, it definitely does make life difficult, especially when we considered making acquisitions ourselves."

Although Mr Sidaway told shareholders last November that he thought the group's future would be best as an independent company, he said yesterday that the enlarged group would have greater purchasing power, more resources to fund capital projects and greater strength abroad.

But the most important factor was that we are employed by shareholders and it is our job to do the best job we can for them."

Glynwed's record profits helped by UK recovery

Highlights from the statement of the Chairman, Mr Leslie Fletcher, to the shareholders of Glynwed plc:

- Record pre-tax profit of £19.232 million, despite rather flat economic climate.
- Provided the level of UK activity continues and there is some recovery in the USA and South African economies, 1982 can be a good year
- Perhaps the start of the renaissance of British Industry
- Proposed name change to Glynwed International plc.
- Profit contributions shared equally between UK and overseas. UK strong in second six months.
- Principal UK activities come through the worst of the recession in good shape.

Financial Highlights £000	Historic Cost		Current Cost	
	1981	1980	1981	1980
Turnover	368,057	356,169	368,057	356,169
Trading profit	24,779	22,062	16,733	13,597
Group profit before taxation	19,232	16,128	14,091	10,499
Group profit attributable to ordinary shareholders	12,096	8,337	7,459	2,976
Ordinary dividends	4,799	4,798	4,799	4,798
Group profit retained	7,297	3,539	2,660	(1,822)
Operating assets employed	169,674	124,661	184,630	160,914
Earnings per ordinary share - net basis	18.53p	16.21p	11.42p	8.00p
- nil distribution basis	20.62p	19.91p	13.52p	11.69p
Dividends per ordinary share	7.35p	7.35p	7.35p	7.35p



To the Secretary, Glynwed plc, Headland House, New Coventry Road, Sheldon, Birmingham, B26 3AZ.  
Please send me a copy of the 1981 Report & Accounts.  
Name \_\_\_\_\_  
Address \_\_\_\_\_  
FT 55

Molins warns on first half

Market conditions have visibly worsened for Langston, the corrugated board division at Molins, Sir Harry Moore, chairman, told members at the AGM. He expects group first half pre-tax profits will be reduced as a result.

He added that some orders have been cancelled and that the timing of customers' re-equipment plans has been seriously affected which will inevitably affect first half results.

The group is engaged in the making of machinery for the tobacco industry and of corrugated board machinery.

However, in view of an improvement in prospects for tobacco machinery business, the directors still hope to report an improvement in the full year taxable profit.

MAXIMS

Maxims has been re-registered as a private company. The board considered increasing the nominal value of allotted share capital in order to qualify as a public limited company but decided there would be no obvious benefit to the company's progress. Consequently, application has been made for listing to be cancelled with effect from May 28.

ALBERT FISHER

The recent rights issue by Albert Fisher has been accepted in respect of 1.8m shares, or 95 per cent.

RESULTS AND ACCOUNTS IN BRIEF

**HANGER INVESTMENTS** (motor dealer)—Results for 1981 reported March 27. Current assets £13.86m (£11.28m); liabilities £11.45m (£11.28m). Shareholders' funds £2m (£2.8m). Decided to reduce investment in commercial vehicles and concentrate that side of business at the Kingsbury Road, Castle Bromwich, complex with facilities complementary with the accepted market for foreseeable future. Another successful year for the company. Chairman's statement feels the remains a growth sector with good prospects. Meeting, Birmingham, May 10.

**RECKITT & COLEMAN** (food, wine, household and toiletry, pharmaceutical, industrial and leisure group)—Results for the year to January 2 1982 reported March 31. Shareholders' funds £211.62m (£201.06m). Fixed assets £170.08m (£169.62m); net current assets £108.1m (£103.57m), including bank loans and overdrafts £34.39m (£20.99m). Decrease in net borrowing £9.58m (£1.99m). Meeting, Connaught Rooms, WC, May 20, 11 am.

**BRENNER** (general warehousemen)—Year to January 31 1981: final 3.15m, making 4.3 to (same). Turnover £2.82m (£2.13m) excluding VAT. Pre-tax profit £245,960 (£244,994), including interest received £132,864 (£167,258). Tax £32,457 (£20,675). Earnings per share 2.76p (5.33p). Transferred to deferred tax in previous years no longer required £17,223.

**BELGRAVE (BLACKHEATH)** (forming and machinery)—No dividend (same) for year to January 31 1982. Turnover £3.05m (£3.31m); pre-tax loss £158,000 (£187,000); net £5,000 (£22,000 credit); extraordinary debts £27,000 (£23,000); loss per share 5.8p (3.5p). CCA pre-tax loss £233,000 (£183,000).

**OCEAN TRANSPORT AND TRADING** (shipping)—Results for 1981 reported on March 26, 1982. Shareholders' funds £377.1m (£281.2m); fixed assets £486.4m (£596.2m); net current liabilities £3.7m (£3.7m). Finance debts £176.1m (£187.8m). Emoluments of the chairman rose from £44,428 to £58,191. Meeting, Liverpool, May 24, 2.30 pm.

**N. M. W. COMPUTERS** (provides accounting services to stockbrokers)—

Results for 1981 reported April 16. Shareholders' funds £1.37m (£1.09m); loan assets £1.44m (£1.45m); current assets £255,962 (£123,300); increase in cash balances £58,800 (£33,394). Meeting, Warwick, Coleshill, May 28, noon.

**QUEENS MOAT HOUSES (Herts)**—Results for 1981 reported March 23. Shareholders' funds £14.41m (£12.72m); loan assets £1.44m (£1.45m); fixed assets £21.7m (£19.55m); net current assets £1.08m (£1.58m); net outflow of cash £1.47m (£2.27m inflow). Meeting, Bishopswood, May 25, noon.

**SUPRA** (manufacturer of motor components, noise control products and paint)—Results for year to November 30, 1981, already known. Shareholders' funds £5.93m (£5.51m); fixed assets £4.24m (£4.1m); net current assets £1.5m (£1.74m); bank overdraft £265,174 (£1.65m). Meeting, Warwick, May 26, noon.

**WILLIAM JACKS** (overseas trading and manufacturing, motor distribution, consumer credit)—Results for 1981 reported March 12. Shareholders' funds £3.08m (£2.78m); loans £26,266 (£20,738); fixed assets £1.58m (£1.52m); net current assets £1.54m (£1.25m). Including secured bank overdraft £1.08m (£1.07m) and secured bank loans £351,225 (£365,000). Increase in net liquid funds £24,572 (£243,572 decrease). Ultimate holding company Jecta International incorporated in Singapore. Meeting, Bagshot, Surrey, May 28, 11.30 am.

**WESTERN MOTOR HOLDINGS** (car delivery, retail motor and leisure group)—Results for 1981, reported on April 23. Shareholders' funds £5.3m (£5m); fixed assets £8.53m (£8.65m); net current liabilities £1.53m (£1.71m); secured bank overdraft £3.12m (£3.12m). Net decrease in working capital £1.09m (£235,000). Meeting, Plymouth, May 28, 12.30 pm.

**SCOTTISH ICE RINK COMPANY** (1928)—Trading profit half-year to March 31 1982 £24,708. Investment and rental income £10,350. No tax. Stated earnings per £1 share £8.837p on capital increased by bonus issue in March. Full year's operations expected

to show improvement on previous year. No interim dividend (same).

**JAMESONS CHOCOLATES** (confectionery manufacturer)—Results for 1981 reported April 2. Shareholders' funds £2.76m (£2.55m); fixed assets £1.42m (£1.55m); bank balances and cash £768,000 (£508,000); net current assets £1.77m (£1.25m); increase in working capital £564,000 (decrease £58,000). Chairman believes flow to improved productivity and new products now being manufactured, the company will continue to progress in 1982. Meeting, Tottenham, N, May 21, at 2.30 pm.

**J B HOLDINGS** (engineer and civil engineer)—Results and prospects reported on April 15 1982. Fixed assets £5.52m (£7.22m); creditors £3.85m (£5.83m); bank balances and cash £5.45m (£2.69m); net current assets £1.02m (£2.62m); shareholders' funds £15.52m (£14.15m). Increase in net liquid funds £6.29m (£5.25m). Emoluments of highest paid director £24,987 (£25,280). Investment in new plant and facilities £3.38m. Substantial advances received by subsidiaries affected creditors and cash position. Meeting, The Chering Cross Hotel, WC, June 4, at noon.

**PHICOM** (light engineering, data and video, electronic scientific instruments)—Results for 1981 and prospects reported on April 6 1982. Shareholders' funds £2.76m (£10.48m); fixed assets £3.91m (£3.46m); net current assets £3.31m (£7.15m). Increase in liquid funds £1.2m (£262,000). During the year the company acquired a 17.92 per cent interest in Television South West Holdings for a total cash consideration of £428,000. Historical pre-tax losses of £1.53m (£1.06m) increased to £2.71m (£134,000) on a CCA basis. Meeting: 231, Cannon Point, New Oxford Street, WC, May 27, at noon.

**H AND J QUICK GROUP** (passenger and commercial car dealer)—Results for 1981 reported March 26. Fixed assets £4.94m (£3.38m); net current assets £1.74m (£2.12m); creditors £3.57m (£2.91m); shareholders' funds £5.48m (£4.9m). Increase in working capital £384,000 (£476,000). Meeting: Manchester, May 27 at 11 am.

"We would not only like to give you a clearer insight of Sydney but a far better perspective of a whole state beyond."



Mr Nicholas Whitlam, Managing Director talking with Mr. Don Adams, Chief Manager and Mr. Bob Thomas, Manager of Corporate & International.

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with an emphasis on the New South Wales resources boom and related projects. However, we shall be happy to consider any field of endeavour and our "new look welcome" extends to all. With capital items representing over 10% of assets, the State Bank ranks as the tenth best capitalised bank in the world's top 500 (Source: The Banker, June 1981). The recent State Bank Act of Parliament allows us to adopt a more active profile overseas - to this end we have already taken

steps to upgrade our representative office in New York to branch status. Future branch representation is also planned for London and Singapore. In addition to New York, we already have representative offices in London, Tokyo and Los Angeles. We also have access to world capital markets through our 200 correspondent banks. We therefore believe we are better placed than many to give you a more perceptive insight

into the affairs of this fair City of Sydney, this State of New South Wales...and way beyond. Mr. Nicholas Whitlam, the State Bank's chief executive, has an extensive knowledge of capital and money-markets which will be invaluable to the Bank's corporate and international development. Mr. Whitlam is backed by Mr. Don Adams together with an able team - experienced in all aspects of trade related finance for domestic and international purposes.

If you would like to know more about us why not telephone Sydney (02) 266-0211 and ask for Mr. Don Adams. In his absence Mr. Colin Smith or Mr. Bob Thomas will receive you. Alternatively, send us a letter or telex and we will send you by return, full details of the wholesale banking services we have to offer, together with our 1981 report. We look forward to hearing from you. Telephone (02) 266-0211. Telex AA 21550.

State Bank of NSW Corporate & International 52 Martin Place, Sydney New South Wales, Australia

State Bank

- guaranteed by the Government of New South Wales.



Statements of Income and Application of Funds

Table with columns for Years ended 31st March and 9 months ended 31st December. Rows include Income from operations, Depreciation and amortization, and various expenses.

Table showing The Group Consolidated Income Statement as at 31st December, 1981. Rows include Profit before taxation, Taxation, and Profit after taxation.

Table showing The Group Consolidated Balance Sheet as at 31st December, 1981. Rows include Fixed assets, Current assets, and Total assets.

The effects of consolidating the financial statements of EPCA and EPC by the purchase method of accounting outlined in APB 16 are as follows: (a) Fixed assets having a total book value of \$11.7m at 31st December, 1981, in the financial statements of EPCA...

Table showing EPCA and EPC financial statements for 1977, 1978, 1979, 1980, and 1981. Rows include Directors' emoluments, Depreciation and amortization, and Research and development.

Table showing EPCA and EPC financial statements for 1977, 1978, 1979, 1980, and 1981. Rows include Current, Deferred, and Total assets.

Table showing EPCA and EPC financial statements for 1977, 1978, 1979, 1980, and 1981. Rows include Statutory Federal tax rate, State taxation, and Federal tax credit.

Table showing EPCA and EPC financial statements for 1977, 1978, 1979, 1980, and 1981. Rows include Land, buildings and improvements, Motor vehicles, and Central plant equipment.

Table showing EPCA and EPC financial statements for 1977, 1978, 1979, 1980, and 1981. Rows include Loan from UK parent company, Bank loans and overdrafts, and Other.

Table showing EPCA and EPC financial statements for 1977, 1978, 1979, 1980, and 1981. Rows include Loan from UK parent company, Bank loans and overdrafts, and Other.

EPCA forms the UK parent company, Hawley Group PLC ("Hawley") represents an interest free loan which is \$50m to be repaid to the parent of the Offer to Sell. The balance of shares not owned by EPCA were cancelled in accordance with the terms of a statutory merger...

EPC has a bank loan facility of \$5.5m from First National State Bank of New Jersey which expires on 30th November, 1982. The loan is secured by a first mortgage on a property in New Jersey...

9. Share Capital of EPCA: The authorized share capital of EPCA is 100,000 shares of no par value of which 100 were issued at \$1 each on 29th July, 1981...

10. Investment in EPC: The cost of investment in EPC by EPCA includes the costs related to the acquisition of the shares. The cost of investment is \$1.2m.

Table showing Consolidated Profit and Net Assets for EPCA and EPC. Rows include Profit before taxation, Taxation, and Total assets.

1. Pre-Balance Sheet of Consolidated Profit for the year ended 31st December, 1981: The pre-balance sheet of consolidated profit for the year ended 31st December, 1981, set out below has been prepared on the purchase method of accounting...

2. Pre-Balance Sheet of Consolidated Profit as at 31st December, 1981: The pre-balance sheet of consolidated profit as at 31st December, 1981, set out below is based on the purchase method of accounting...

3. Pre-Balance Sheet of Consolidated Profit as at 31st December, 1981: The pre-balance sheet of consolidated profit as at 31st December, 1981, set out below is based on the purchase method of accounting...

Table showing Consolidated Profit and Net Assets for EPCA and EPC. Rows include Profit before taxation, Taxation, and Total assets.

4. Pre-Balance Sheet of Consolidated Profit as at 31st December, 1981: The pre-balance sheet of consolidated profit as at 31st December, 1981, set out below is based on the purchase method of accounting...

5. Pre-Balance Sheet of Consolidated Profit as at 31st December, 1981: The pre-balance sheet of consolidated profit as at 31st December, 1981, set out below is based on the purchase method of accounting...

6. Pre-Balance Sheet of Consolidated Profit as at 31st December, 1981: The pre-balance sheet of consolidated profit as at 31st December, 1981, set out below is based on the purchase method of accounting...

7. Pre-Balance Sheet of Consolidated Profit as at 31st December, 1981: The pre-balance sheet of consolidated profit as at 31st December, 1981, set out below is based on the purchase method of accounting...

8. Pre-Balance Sheet of Consolidated Profit as at 31st December, 1981: The pre-balance sheet of consolidated profit as at 31st December, 1981, set out below is based on the purchase method of accounting...

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10. Pre-Balance Sheet of Consolidated Profit as at 31st December, 1981: The pre-balance sheet of consolidated profit as at 31st December, 1981, set out below is based on the purchase method of accounting...

11. Pre-Balance Sheet of Consolidated Profit as at 31st December, 1981: The pre-balance sheet of consolidated profit as at 31st December, 1981, set out below is based on the purchase method of accounting...

Table showing 10.5 per cent Cumulative Preference Shares of £1. Rows include Name, Address, and Amount.

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12. Pre-Balance Sheet of Consolidated Profit as at 31st December, 1981: The pre-balance sheet of consolidated profit as at 31st December, 1981, set out below is based on the purchase method of accounting...

UK COMPANY NEWS

Companies and Markets

Saatchi and Saatchi rises 41% midway and pays 3.5p

SHARPLY HIGHER midway profits are reported by advertising agency Saatchi and Saatchi Company...

Looking ahead, Mr Kenneth Gill, the chairman, says the group's base is being broadened by moving into international markets...

BOARD MEETINGS

Table listing board meetings for various companies including Thames Investment and Sca, Vaux Breweries, and others.

by 26 per cent in the first quarter of 1982. It is pointed out that the Advertising Association forecasts a 15 per cent increase in advertising expenditure...

comment Saatchi's shares have been dangling for some seven weeks, while details of the merger with Compton get sorted out...

Midland Marts pays more

AGAINST a background of continuing difficult trading conditions, Midland Marts Group, livestock market operator, announces virtually maintained pre-tax profits...

And as a result of a rationalisation of certain peripheral activities, directors feel justified in raising the dividend from a single 2.5p to 4p...

Saint Piran de-listed

Saint Piran, the mining and house building group, which is now part of Mr Jim Raper's master company, Gasco Investments, was de-listed on the Stock Exchange yesterday...

The request was made last week following Gasco's acquisition of all the Saint Piran shares. South Crofty, the Cornish tin mining company, whose parent company is Saint Piran...

Stanley slips to £2.16m on higher turnover

AFTER LOSSES from Mr Stanley on the Mr Stanley DIY shop operation, the wallpaper mill operation A. G. Stanley Holdings, the UK's largest paint and wallpaper group, showed lower pre-tax profits...

The directors are recommending a final dividend of 1.5p net to make an unchanged total of 2.5p. Earnings per share amounted to 7.35p compared with 7.71p...

comment

With business at the "Fads" retail outlets as buoyant as ever, it was trouble at the mill which held back Stanley's profits, down 2.7 per cent at £2.16m. The Cheshire mill seemed a great bargain for £1.35m in August 1980...

Scottish Heritable upsurge

PRE-TAX PROFIT of the Scottish Heritable Trust improved from £444,000 to £737,000 in 1981. The final dividend is increased from 1.5p to 2p for a net total up from 2.5p to 3p...

Retokil sees 'healthy increase'

First quarter's trading at Retokil group produced better results in the UK compared to the corresponding period in the previous year. Mr W. M. Westphal, the chairman, told the annual meeting...

Electro-Protective offering

The prospectus is published today for a subsidiary of the Hawley Group, Electro-Protective Corporation of America, which is seeking a full Stock Exchange listing. The company is offering 10m new shares, or 40 per cent of its enlarged capital, at 87.5p per share...

comment

The Ashcroft footwear is dazzling. Hawley bought Electro last year for \$23.8m. He is now selling off 40 per cent of it at a price which values the company at 65 per cent more than the purchase price...

New Issue May 5, 1982

BRITISH COLUMBIA HYDRO AND POWER AUTHORITY Vancouver, Canada U.S.\$ 200,000,000 14 3/4% Notes, Series FK, Due 1989 absolutely and unconditionally guaranteed by PROVINCE OF BRITISH COLUMBIA (CANADA)

Table listing various banks and financial institutions including Deutsche Bank, Algemene Bank Nederland N.V., and others.

New Issue May 5, 1982

crédit foncier de france DM 100,000,000 8 3/4% Deutsche Mark Bearer Bonds of 1982/1992 unconditionally guaranteed by the Republic of France

Table listing various banks and financial institutions including Deutsche Bank, Banque de Paris et des Pays-Bas, and others.

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**MINING NEWS**

**CRA forecasts first-half loss**

BY GEORGE MILLING-STANLEY

THERE WILL be no call on CRA shareholders for more cash in the near future, even though the group, one of Australia's biggest mining concerns, is currently performing worse than at any time over the past 20 years.

Yesterday's annual meeting in Melbourne was told that CRA, part of the Rio Tinto-Zinc group, was "well advanced" in moves to borrow A\$800m (£474m) to carry it through the downturn and to fund new projects, reports last Perth from Melbourne.

Sir Frederick Carnegie, CRA's chairman, said the group would report a loss for the first half of 1982. This follows the sharp fall in profits to A\$12.5m for last year, from A\$175m in 1980. No figure was put on the likely extent of the anticipated loss, but Sir Frederick said "any red ink looks terribly severe to me."

He added that there would have to be a strong recovery in the world economy and in metal prices in the second half of the year to offset the effects on full-year results of the deficit in the first six months.

Half of the new borrowings, which will more than double the level of existing debt of A\$700m, will go towards boosting the group's working capital. The remainder will be used to finance CRA's share of two big coal projects at Tarong and Blair Athol in Queensland, and the Ashtree diamond joint venture in Western Australia.

The group is keeping a watchful eye on expenditure, and future funds will only be allocated to projects vital to its near-term future. Exploration spending has already been cut 25 per cent for this year, about 25 per cent down on 1981, and there is provision for a further reduction of 10 per cent next year if this is required.

The shares fell 4p to 171p in London yesterday.

**Noranda in deficit**

CANADA'S Noranda Mines, the country's leading natural resources group, has joined the ranks of major north American companies to report a loss for the first quarter of the year.

The latest result was a net loss of C\$15.5m (£8.4m) or 22 cents a share, compared with a profit for the first three months of last year of C\$60.7m or 60 cents.

Mr Alfred Powis, chairman, told the annual meeting in Toronto that cash generation and conservation have become Noranda's overriding priorities. With this in mind, the group plans to increase lay-offs affecting as much as 20 per cent of its workforce in Canada in response to the recession and falling metal prices.

Mr Adam Zimmerman, Noranda's new president, said that only five of the group's 30-odd mines were operating profitably. As a result, the group intends to curtail or suspend operations at all of its copper facilities for some time. Any earnings that Noranda may record this year are likely to be totally unsatisfactory, Mr Powis added.

Hudson Bay Mining and Smelting, the Anglo American Corporation of South Africa's Canadian offshoot, has also reported a loss for the first quarter.

The deficit here was C\$24.1m or C\$2.39 a share, against a loss for the corresponding 1981 quarter of C\$52,000 or 5 cents.

Positive results from the domestic oil and gas operations of Francaise and Trend were offset by interest on the funds borrowed to finance the purchase of Adobe, and the metals operations were in the red.

The molybdenum-producing Placer Development is another group with a deficit for the first quarter. Placer lost C\$3m or 8 cents a share, against a profit of C\$9.4m or 26 cents last time.

Gibraltar Mines, a 72 per cent-owned Placer subsidiary, lost C\$1.1m against a loss of C\$400,000 for the first quarter of 1981.

McIntyre Mines, which has a stake of 37 per cent in Falconbridge Nickel, made a net loss in the period of C\$15.2m, up from C\$800,000.

Brisco, in which the Rio Tinto-Zinc group has a 24 per cent interest, lost a net C\$2.42m, compared with a profit last time of C\$2.13m.

**North Broken Hill lower**

LOW WORLD base metal prices have pushed North Broken Hill, the Australian mining and investment house, into a loss of more than A\$1m (£592,000) in the latest three months.

This cut the company's net profit for the first nine months of

the financial year to A\$7.49m, against A\$19.12m.

Cost cutting measures are in hand, but the company said that a return to profit in the mining division required a substantial rise in metal prices.

**EUROPEAN OPTIONS EXCHANGE**

Series	Vol.	Last	Vol.	Last	Vol.	Last	Stock
GOLD C	8300	48	33	24	21	73	8542.50
GOLD O	8350	47	34	16	3	41	86
GOLD D	8400	47	34	16	3	41	86
GOLD P	8450	47	34	16	3	41	86
GOLD C	8500	47	34	16	3	41	86
GOLD O	8550	47	34	16	3	41	86
GOLD D	8600	47	34	16	3	41	86
GOLD P	8650	47	34	16	3	41	86
GOLD C	8700	47	34	16	3	41	86
GOLD O	8750	47	34	16	3	41	86
GOLD D	8800	47	34	16	3	41	86
GOLD P	8850	47	34	16	3	41	86
124 NL 81 87-91							
C	F.110	4	3.50	304	5.80	F.115.40	
C	F.112.50	28	3.30	100	3.70		
C	F.115	70	3.20	413	2.60		
P	F.115	100	1.50				
104 NL 80 86-95							
C	F.100	20	3.80			F.103.28	
C	F.102.50	10	2.40				
C	F.105	10	1.30				
114 NL 82 88-92							
C	F.100	50	3.80	4.90	100	4.90	F.104.90
C	F.102.50	50	2.70				
C	F.105	10	1.30				
P	F.105						
ASX C	F.980	61	16.50			F.991.55	
ASX O	F.980	10	1.50				
ASX P	F.980	10	10.10				
AKZO C	F.97.50	105	1	2.70		F.98.40	
AKZO O	F.97.50	14	0.20				
AKZO P	F.97.50	5	0.10				
AKZO C	F.97.50	14	0.50				
AKZO P	F.97.50	80	2.70				
AMRO C	F.90			14.80		F.94.50	
AMRO P	F.90			3.70			
HEIM C	F.90	3	1.80			F.95.10	
HEIM P	F.90			2.80			
HEIM C	F.90	10	2.30			F.104.50	
HEIM P	F.90	3	2.1				
IBM C	F.90	14	9.20			F.104.50	
KLM C	F.110	42	5.50				
KLM O	F.110	48	2.50				
KLM P	F.110	5	0.50				
KLM C	F.90	80	1.60				
KLM P	F.100	3	4				
KLM C	F.110	17	9.50				
KLM P	F.120	19	7.50			F.126.40	
NEDL C	F.180	16	2 A				
NEDL P	F.140	8	0.9				
NATN C	F.110	40	5.50			F.118.10	
NATN P	F.115	40	5.50				
PHIL C	F.115	283	2.50			F.94.80	
PHIL O	F.95	41	0.80				
PHIL P	F.95	85	0.20				
PHIL C	F.90	17	1.3			F.92.80	
RD C	F.90	144	4.10				
RD O	F.10	28	1.20				
RD P	F.80	6	0.70				
RD C	F.90	88	5.50			F.137.50	
UNIL P	F.114	1	1.50				
UNIL P	F.140	1	0.70				
MANN C DM.150				10	3.50	Nov.	DM145.28
TOTAL VOLUME IN CONTRACTS:							4421
A=Asked							B=Bid
							C=Call
							P=Put

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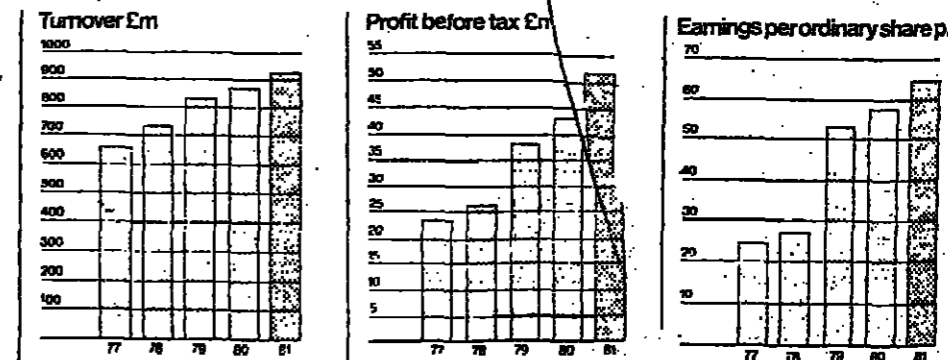
1981-82 High Low	Company	Price	Gross Yield	Div. %	Act. Yield
130 100	Ass. Brit. Ind. CULS...	130	10.0	7.7	11.9
75 62	Brit. Ind. CULS...	75	4.7	8.4	11.9
51 33	Amittage & Rhodes...	43	4.3	10.0	3.8
205 187	Ardon Hill	201	3.7	4.8	9.5
107 100	C2L Hse Conv. Pref.	107	15.7	14.7	15.7
104 61	Dorah Services	62	6.0	5.5	2.1
131 97	Fank Horsell	130	6.4	4.3	11.7
83 38	Friedrick Parker	78	5.4	8.2	4.0
78 46	George Blair	54			
102 93	Ind. Precision Castings	98	7.3	7.4	7.1
109 100	Isa Conv. Pref.	109	15.7	14.4	
113 94	Jacobs Group	98	7.0	7.1	3.1
130 108	Jama Burrough	113	8.7	7.7	8.2
334 240	Robert Jenkin	240	31.3	13.0	3.3
65 51	Scruttons 'A'	65	5.3	8.2	10.0
222 159	Tordy & Carlisle	159	10.7	6.7	5.1
15 10	Twinkl Ord.	14			
80 98	Twinkl 15pc ULS	80	15.0	18.8	
44 25	Uniq. Holdings	25	3.0	12.0	4.5
103 73	Walter Alexander	81	6.4	7.9	5.3
383 212	W. S. Yates	231	14.5	6.3	6.0

Price now available on Prestal page 48146.

**"Yet another growth year for Tarmac"**

Pre-tax profit up by 19% to a record £52.1 million.

"I am very pleased that we have been able to maintain the momentum of our profits growth despite the continuing problems in the United Kingdom economy generally and in the construction industry in particular. Over the last 3 years our pre-tax profits have nearly doubled, our earnings per share have more than doubled and our debt equity ratio has come down from 33 per cent to 28 per cent."



**Tarmac Group**

U.K. and International construction. Quarrying, Road Surface, Building Products, House Building, Property Development, Industrial Activities, North Sea Interests.

Copies of the 1981 report and accounts will be available on May 21st from the Secretary, Tarmac PLC, Entinghall, Wolverhampton WV4 6PF

This announcement appears as a matter of record only.

**U.S. \$ 00,000,000**

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**Algemene Bank Nederland N.V.**      **LTCB International Limited**  
**Nippon Credit International (HK) Limited**      **Standard Chartered Merchant Bank Limited**  
**London & Continental Bankers Limited**      **Bank of China**

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**Merrill Lynch International Bank Limited**

Agent Bank  
**The Sumitomo Trust and Banking Co., Limited**

February 1982

**Trinkaus & Burkhardt**  
 Bank seit 1785

Düsseldorf  
 Essen, Frankfurt, München, Stuttgart

	1981	1980
	in million DM	in million DM
Business Volume	4.171	3.681
Total Assets	3.877	3.439
Deposits	3.385	2.989
Credits	3.288	3.179
Capital	187	187

Trinkaus & Burkhardt (International) SA, Luxembourg	Total Assets	1.203	999
	Capital Funds	43	31
Trinkaus & Burkhardt (Schweiz) AG, Zurich	Total Assets	56	57
	Capital Funds	14	7

## Second half upsurge for Sound Diffusion

FOLLOWING a slight midway increase, from £224,000 to £350,000, taxable profits of Sound Diffusion, electronic engineering group, surged in the second half, as forecast, and for the full 1981 year finished at £1.59m, a jump of £1.13m.

The directors explain that results reflect only six months of the benefit arising from the financial arrangements completed last June, the balance of the profit growth being attributable to the "increasingly successful" rental sales of new products during the latter half of the year.

Turnover moved ahead from

£5.99m to £8.78m and from earnings per share of 3.555p (1.105p) the dividend is effectively lifted to 0.7245p (0.60375p) net, a 20 per cent rise.

Mr C. R. P. Stoner, chairman, says that trading in the first four months of the current year has been most satisfactory and provides firm evidence on which to anticipate "exceptionally good results for 1982." He adds that further new product lines are coming on stream next month.

Pre-tax figure for 1981 was after a deficit of £107,000 (£9,000 profit) on the revaluation of

investments, at the year end, held as trading stock.

After advance corporation tax of £143,000 (£86,000) in respect of the proposed dividend, and an extraordinary debit of £1.14m (£32,000) the attributable balance was just behind at £301,000, against £237,000.

The extraordinary items comprised a £257,000 (nil) credit in respect of a provision, no longer required, for premiums on redemption of a long-term loan repaid during the year, and a debit of £1.4m (nil) on the write down of rental installations repurchased from Capital Leasing.

## Optimism at Exeter Building

The performance of the traditional activities of Exeter Building and Construction in the first two months of 1982 was disappointing, certain areas being severely affected by adverse weather conditions. But indications were that the group's results for the full year should compare satisfactorily with 1981.

Speaking at the recent annual meeting, the chairman said that trading results for March were ahead of budgets indicating that the ground loss in January and February is now being recovered.

There have been significant development property disposals in the first four months of the year. These were delayed from 1981 and will make a meaningful contribution to the 1982 results, said the chairman.

## Invergordon forecasts shortfall

THE CONDITIONS affecting the Scotch whisky industry make forecasting even more difficult than usual, says Mr J. T. Lidbury, chairman of Carlton Industries which has a 76.2 per cent holding in Invergordon Distillers (Holdings). In his annual statement, he says it is thought that the results for the current year are likely to be marginally short of those achieved last year when the Invergordon profits fell from £4.7m to £2.8m on sales down from £24.6m to £20.75m.

The demand for new fillings of grain whisky is expected to improve in 1982, however, with

malts whiskies, perhaps, following this trend some time later. The company made progress during 1981 towards the further establishment of its main brand of blended Scotch whisky, Scots Grey.

The group's three UK battery companies, Oldham, Tungsstone and Crumpton, experienced a year of extremely difficult trading conditions. Demand generally remained low so competition was severe and margins suffered. Mr Lidbury says he is confident that the battery companies will continue as long as necessary to withstand the present pressures, albeit mar-

gins will continue to suffer while the available volume of business remains depressed.

Although 1982 is showing a better start to the year than 1981, it is impossible to forecast whether the improvement will be maintained — or be short-lived.

The balance sheet shows shareholders' funds of £66.56m (£60.82m) at the year end. Current assets were £73.23m (£65m) and net current assets of £20.91m (£17.86m). Bank overdrafts increased from £3.15m to £25.99m. The increase in borrowings was £716,000 (£5.36m). Meeting: Bristol, May 27.

## Midland Bank statistics

Statistics compiled by Midland Bank show that the amount of "new money" raised in the UK by the issue of marketable securities in April was £178.6m, compared with £239.8m in the previous month and £198.4m in April 1981.

In April, 17 companies came to the market raising a total of £88.7m. The largest of these were Vickers (£24.4m), Queens Moat Houses (£15.4m) and Henry Ansbacher (£8.9m). Just over half of the total amount of issues was intended for use overseas, the bulk of this being raised by Credit Foncier de France (£48.7m) and Province de Quebec (£35m).

Only five local authorities raised "new money" in April, amounting to £5.3m, all by way of yearling bonds.

## QUEENS MOAT ACCEPTANCES

Queens Moat Houses has announced that, in respect of its rights issues of 41,619,640 ordinary shares of 5p each issued at 27p per share, and of £3,853,671 10½ per cent convertible unsecured loan stock 1989/91 issued at £107 per £100 nominal of stock, 26,000,369 ordinary shares and £3,089,922 convertible stock, representing 62.47 per cent and 79.66 per cent of the respective issues, have been taken up. The balance of the ordinary shares and convertible stock has been sold at a premium.

The net proceeds will be distributed to entitled share and stockholders.

## Losses rise at Glasgow Pavilion

Losses of the Glasgow Pavilion, centre proprietor, increased from theatre proprietor, increased from £86,000 to £239,858 in the year ended October 31 1981, after providing for exceptional items. At half way the loss was £113,941.

The chairman says that "this was a disastrous year for theatres all over the country." Production and operating costs have soared and attendance has been very disappointing. The company has, however, ceased funding its own productions to reduce losses and demand for the theatre on a letting basis is encouraging.

## HALLAM GROUP

No preference dividend will be paid by Hallam Group of Nottingham for the year to June 30, 1982. The group is involved in the manufacture of system buildings.

## MacLellan little changed

ENGINEER, SUPPLIER and paint maker P. and W. MacLellan made a pre-tax profit of £80,000 in 1981, just ahead of £79,000 in 1980, in what Mr D. G. Moodie, chairman, describes as "a very difficult trading year."

The half-year figure was £57,000 (£56,000). Turnover at £3m was well down on £5.57m. Tax again took £17,000.

The final dividend is being held at 0.35p, making a same-again net total of 1.43p. Stated earnings per 30p share are 2.3p (2.2p).

Extraordinary debits of £108,000 (£382,000) were the costs of rationalisation and dis-

## YEARLINGS SLIP

The interest rate for this week's issue of local authority bonds is 13½ per cent, down a quarter of a percentage point from last week and compares with 12½ per cent a year ago. The bonds are issued at par and are redeemable on May 11 1983. A full list of issues will be published in tomorrow's edition.

continued activities. The chairman says the sale of the Federated Paints subsidiary was duly completed and the company's loss-making steel activities have been eliminated.

At year end the company had a small credit balance with its bankers, replacing a £1m overdraft a year earlier.

Despite continuing difficult trading conditions in the engineering industry, the chairman says he is confident the company's slimmer and fitter organisation can reach a better level of profitability this year.

## HOLYROOD RUBBER

Pre-tax profits of Holyrood Rubber, the Harrisons and Crossfield subsidiary which produces rubber and palm oil in Malaysia, slipped from £129,518 to £122,849 in 1981, on higher turnover of £500,791.

With earnings per £1 share stated lower at 97.14p (100.85p) the year's dividend is being held at 45p net with a same again final 30p.



"Pre-tax profits doubled..."

### PRELIMINARY RESULTS YEAR ENDED 31 JANUARY 1982

	1981/82 £ Million	1980/81 £ Million
Sales	418.9	377.1
Trading Profit before Interest	30.6	19.3
Profit before Taxation	14.8	7.3
Earnings per Ordinary Share	3.2p	1.3p
Dividends per Ordinary Share	2.35p	2.35p

Profit before tax doubled to £14.8m. This did not stem from any recovery in demand but almost entirely from rationalisation and improvements in efficiency.

During the year decisions were taken to close all businesses for which no profitable future could reasonably be foreseen and provision has also been made for all further anticipated reorganisation expenses. This results in a charge for extraordinary items totalling £26.4m.

Material progress has been made in turning round loss-makers where the potential markets justified the effort needed and all businesses are now capable of making an adequate return given reasonable trading conditions.

It is impossible to be confident of an improvement in world trading conditions in the current year. Nevertheless, earnings will be substantially up on those for 1981/82.

The Report & Accounts will be posted to shareholders on the 28 May 1982 and the Annual General Meeting will be held in Manchester on 23 June 1982.

Tootal Group plc  
56 Oxford Street, Manchester, M60 1HJ.

# Gulf International Bank

	For year ended	For year ended	For year ended
	31.12.81	31.12.80	31.12.79
	U.S.\$000	U.S.\$000	U.S.\$000
Net Income	34,620	12,405	6,601
Gross Revenue	586,633	295,140	115,668
Interest Expense	528,936	269,692	100,606
Other Expenses	21,424	13,043	8,461
Shareholders' Equity	221,932	125,127	119,534
Total Assets	4,495,059	2,893,257	1,444,947
Loans	2,300,491	1,130,401	542,373
Deposits	4,037,897	2,639,735	1,245,585



Gulf International Bank S.S.C.

### Gulf International Bank B.S.C.

Bahrain: Tarek Building, Government Avenue, PO Box 1017, Manama, Bahrain.  
London: 2, 4 Clapham Street, London EC8A 6XP.  
New York: 499 Park Avenue, New York, NY 10022.  
Singapore: Bangkok Bank Building, 14th Floor, 180 Cecil Street, Singapore 0106.  
Cayman: c/o 499 Park Avenue, New York, NY 10022.

GIB - The International Bank of the Seven Gulf States

# Wankie Colliery Company Limited

(Incorporated in Zimbabwe)

REVIEW BY THE CHAIRMAN SIR KEITH ACUTT, K.B.E.

The Report and Accounts cover the six months to 28th February, 1982 as the financial year end has been changed to the last day of February each year.

### Price increase

The last meeting of members was held on 30th November, 1981. I was then able to report fully on the affairs of the Company to that date. An application to Government for an increase in prices which was made at that time was granted but it only came into effect on 21st December, 1981, so that the financial results for the period reflect a little over two months of trading at the new prices.

The new statutory wage scale was applied from 1st January, 1982 and this has increased the cost of production. The colliery is staffed and equipped to produce a greater tonnage than is at present required by demand or transport available and the costs per tonne are thus inflated by a surplus of labour and low productivity. This position, however, should be improved in the new financial year by natural turnover of labour.

### Market Demand

The Zimbabwean National Railways have been very helpful in ironing out to the best of their capabilities, changes in demand for coke and coal, but the movements to the north across the border are beyond their control and the sale of coal and coke there has been less than our customers would have taken. The reductions in demand in Zimbabwe have arisen primarily in the iron and steel and ferro-alloy industries which are suffering from the world depressed demand and prices for their products. It is fortunate, however, that some other sectors increased their consumption slightly and in the six months coal and coke sales were respectively only 13 000 and 12 000 tonnes less than we had estimated would be required at the beginning of the six months period.

### Financial Results

The profit on trading for the six months was \$1 335 000. We earned \$366 000 from investments and a small profit was made on investments realised, so that \$1 734 000 plus an amount of \$284 000 was carried forward from last year making a total of \$2 018 000 available for appropriation.

We are required in terms of the coal price agreement to place 25 per cent of the profit after taxation to capital reserve. This requires an amount of \$425 000 to be so transferred, and this together with the \$32 000 profit on investments realised is included in the \$500 000 which was appropriated to capital reserve. In addition \$400 000 was placed to general reserve and a dividend of 3 cents per share absorbing \$760 000 was declared leaving \$338 000 to be carried forward to the new financial year.

### Capital Expenditure

I have previously mentioned that we would have to reduce our investments as we require the cash for capital expenditure, and income from this source will in future be greatly reduced.

The work on the expansion to supply the coal for the Electricity Supply Commission Station at Wankie is proceeding well. The Commission have advised us that there will be a delay in the installation of the first and probably subsequent units, but we expect to start making modest deliveries of coal in April this year so that a stockpile can be established at the power station site.

### Cokeworks

We have been concerned about the poor performance of the cokeworks where we have experienced difficulty in obtaining trained personnel. The cokeworks have not been operating at their rated capacity for some time, although the quality of the coke produced has been good. It was, therefore, decided to have a full technical investigation and we called in Messrs. Otto-Simon Carves, the original contractors for the plant to examine the ovens and to advise on remedial measures.

This investigation and subsequent consultations with neighbouring operators confirmed that there was serious wear and deterioration of some of the steel work, the refractory brick work and the doors. While a complete rebuilding

would in all probability be the most efficient way of correcting the faults we have a responsibility to maintain supplies to our customers, and as we have been advised that a progressive repair programme is feasible, steps to start this work have been taken.

The capital cost will be a further drain on our resources. The cokeworks will continue to operate, however, so that by making full use of our stockpile and with the help of the Zimbabwe Iron and Steel Company we do not anticipate any diminution in the availability of coke for our customers.

### Loan Agreements

During the past six months we have realised most of our marketable securities and have drawn on the loan facilities provided by the International Finance Corporation and the other external lenders. The equipment for which this money was provided is arriving on site and there will now be increased expenditure on erection, so that we will have to start drawing on the facilities provided by the local lenders shortly. Interest on these loans will be capitalised until the programme is completed.

In terms of our agreement with the International Finance Corporation we have to raise \$9 130 000 before we can draw more than 50 per cent of the foreign loan facilities. It is clear that in present circumstances a rights issue to shareholders is not possible and discussions with the Government, which has indicated an interest in the matter, and with the International Finance Corporation have been initiated.

### Outlook

Turning now to the prospects for the new year to February 1983. We have started modest deliveries of coal to the power station, and this should ease the railways' load as the generation capacity is built up, but it will be some time before appreciable tonnages are delivered to the power station.

The delay of some three months in the installation of the generating sets will be partly offset by the stockpiling by the Electricity Supply Commission to which I have referred, but we do not foresee any large increase in the general demand this year.

The expansion project is expected to be almost completed by the end of the next financial year. This is on schedule and we will be making increased drawing on the loan facilities. Provided the Zambian Railways are able to move the tonnages required by our customers in Zambia and Zaire, the outlook is on the whole improving. We have not escaped the shortage of skilled operators felt throughout the country and this could be exacerbated when the dragline and ancillary works are operating at the colliery as these will require careful supervision.

### Sales

Sales in March were in accordance with our estimates, which are made in consultation with everyone concerned, and at present it is likely that coal sales will average between 175 000 and 200 000 tonnes per month, but if the railways are able to handle the tonnages of coke, then coke sales could improve from the average of 16 000 tonnes in the past six months to 18 000 or more tonnes per month. Mr R. J. Eedley, who has been a director for some years, has been appointed Managing Director of the Company. He has had wide experience of the Company's affairs and has been responsible to a very great extent for organising the finance for the expansion.

### Labour

Labour relations at the colliery have been good. Every effort is continuing to train people and fortunately we are in a position to supply all our customers with their requirements. The high cost of our operations is a matter for great concern, but we certainly look forward to the new year being a more satisfactory one than those we have recently experienced.

In conclusion I would like, on behalf of all the directors, to thank the Technical Director, his staff, the General Manager and all at the colliery for their appreciation of the problems, their efforts to overcome them and to maintain normal conditions at the mines.  
Keith Acutt  
Chairman

Copies of the annual report and accounts are obtainable from the London Office of the Company, 40 Holborn Viaduct, EC1P 1AJ, and from the office of the U.K. Transfer Secretaries, Charter Consolidated P.L.C., P.O. Box 198, Charter House, Park Street, Ashford, Kent TN24 8EQ.



## UK COMPANY NEWS

# Sun Life group funds show £212m expansion

TOTAL FUNDS within the Sun Life Group rose by £212m last year to £1.67bn, with total premium income climbing 25 per cent to £367m. Investment income showed strong growth in 1981 rising 16 per cent to £144m, but claims payments also increased by nearly 25 per cent to £136m, with surrender payments doubling to £34.6m.

Mr Philip Walker, chairman, says in his statement that these record results have been achieved despite the recession. The main life fund invested £15m in UK equities and £15m overseas, mostly in the U.S. and Japan. A record amount of £57m was invested in property last year by the group.

At the end of the year, the group held £545m—52 per cent—in fixed interest stocks, £530m—31 per cent—in equities and £44m—26 per cent—in property, with another £135m in mortgages.

Mr Walker announced the Sun Life intended to join the Insurance Ombudsman Bureau, once certain modifications were made to the present method of operation of the Bureau. These would make it appropriate to deal with life assurance problems on a cost basis that reflected the few life insurance queries that arose compared with general insurance complaints.

# Premier S.A. shows sharp advance at trading level

FOR THE 12 months ending March 31 last Premier Group, the South African diversified food group in which Associated British Foods has a 51 per cent interest, achieved record results with trading profits rising by 33 per cent to Rand 112.1m (£89.93m) from Rand 84.3m.

The rise is attributed to higher turnover (£1.5bn against £1.2bn), better utilisation of physical and financial assets, high capacity utilisation and in benefits of the heavy capital expenditure programme in recent years.

The profits were affected by substantially higher interest charges but although these are expected to rise substantially in the current year the group hopes to achieve its 20 per cent compound pre-tax growth objective.

Total dividend is 65 cents (51 cents) based on earnings per share of 203 cents (159 cents).

The group has diversified steadily for several years and apart from food has interests in records, books and publishing and pharmaceuticals. Further expansion is planned.

# Aurora Holdings' provisions

The auditors of Aurora Holdings, the troubled special steels and engineering group, have drawn shareholders' attention to the large rationalisation provisions in the latest accounts.

Aurora, which has reported an attributable loss of £8.7m in 1981, made exceptional provisions and charges of £1.9m and extraordinary provisions of £4.2m. At the year end, shareholders' funds were reduced to £17m and net borrowings stood at £34.5m.

Coopers and Lybrand's report said the accounts gave a true and fair view of the company's position 'subject to any adjustments which may be required to the provisions in due course'.

Aurora said yesterday that this did not amount to a qualification. The group was now making profits at the pre-tax level and expected to continue to do so. Its priority now was to reduce borrowings, probably by way of disposals.

# Roberts Adlard falls in second half

A DOWNTURN in second half pre-tax profits from £632,000 to £572,000 has left Roberts Adlard, builders' merchant, behind for the 1981 year at £227,000, compared with £282,000 previously.

Turnover declined, from £13.9m to £13.1m, but the dividend is being increased to 9p (8p) net per 25p share with a final payment of 7p.

Pre-tax figure was after interest charges of £2,000 (£12,000). Tax took £370,000 against £38,000—there was a deferred tax release of £335,000 last time—and the attributable balance came through at £57,000 (£905,000 after an extraordinary debit of £19,000).

Dividends will absorb £216,000, compared with £182,000, and earnings per share are shown as 23.2p. These are against 37.6p, and 25.8p excluding deferred tax adjustments.

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## Consolidated Statement of Condition

ASSETS		LIABILITIES AND STOCKHOLDER'S EQUITY	
Cash and demand accounts	\$ 165,236,225	Deposits	\$5,788,918,042
Interest bearing deposits with banks	3,353,175,318	Short-term borrowings	729,499,609
Precious metals	31,681,560	Acceptances outstanding	542,854,385
Investment securities	953,778,458	Accrued interest payable	179,343,164
Federal funds sold and securities purchased		Other liabilities	77,934,368
under agreements to resell	29,500,000		
Loans, net of unearned income	2,501,714,161		
Allowance for possible loan losses	(45,755,815)		
Loans (net)	2,455,958,346		
Customers' liability under acceptances	536,173,554		
Bank premises and equipment	52,716,250		
Accrued interest receivable	192,187,286		
Other assets	83,549,030		
	\$7,853,956,027		

Letters of credit outstanding \$ 302,127,401

The portion of the investment in precious metals and the precious metal content of silver coins not hedged by forward sales was \$1.6 million at March 31, 1982.

## REPUBLIC NEW YORK CORPORATION SUMMARY OF RESULTS

	Three Months Ended March 31	
	1982	1981
Income before securities gains (losses)	\$16,619,961	\$17,812,939
Net income	16,086,041	16,498,963
Earnings per common share (after dividends on preferred stock):		
Income before securities gains (losses)	\$1.37	\$1.48
Net income	1.32	1.36
Dividends declared	.35	.30

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# U.S. \$125,000,000 Shell Canada Limited

(Incorporated under the laws of Canada)

## 14 1/8% DEBENTURES DUE 1992

The following have agreed to subscribe for the Debentures:

- |  |  |
|--|--|
| MORGAN STANLEY INTERNATIONAL                   | WOOD GUNDT LIMITED                           |
| ALGEMENE BANK NEDERLAND N.V.                   | AMRO INTERNATIONAL LIMITED                   |
| ARAB BANKING CORPORATION (ABC)                 | CREDIT SUISSE FIRST BOSTON LIMITED           |
| DEUTSCHE BANK AKTIENGESELLSCHAFT               | KUWAIT INVESTMENT COMPANY (S.A.K.)           |
| SALOMON BROTHERS INTERNATIONAL                 | SWISS BANK CORPORATION INTERNATIONAL LIMITED |
| UNION BANK OF SWITZERLAND (SECURITIES) LIMITED |  |

The Debentures, in denominations of U.S.\$1,000, U.S.\$10,000 and U.S.\$100,000, issued at 99 1/8% per cent., have been admitted to the Official List by the Council of The Stock Exchange, subject only to the issue of the temporary Debenture. Interest is payable annually in arrears on May 15, commencing on May 15, 1983.

Particulars of the Debentures are available in the *Estel* Statistical Services Limited and may be obtained during normal business hours on any weekday (Saturdays excepted) up to and including May 19, 1982 from the brokers to the issue:

R. Nicolson & Co.,  
25 Austin Friars,  
London EC2N 2JB

May 5, 1982

# J. Hewitt & Son (Fenton) P.L.C.

Manufacturers of domestic and industrial refractories, kiln furniture and electrical porcelain

## Increased dividend covered seven times

	1981	1980	1979	1978
	£'000s	£'000s	£'000s	£'000s
Sales	4,489	4,376	3,908	2,787
Profit before tax	374	612	386	311
Profit retained	275	454	285	179
Earnings per share	14.2p	18.2p	14.2p	9.2p
Dividend per share	1.95p	1.8p	1.5p	1.28p

Extracts from the Statement by the Chairman Mr. D. K. Hewitt:

Although there was a fair recovery in the second half of the year, the results for the full year were substantially below last year's level. The reduction reflected a fall in demand for refractory products for domestic appliances both at home and overseas. Sales this year are a little above the lower level experienced in early 1981 but demand to date

continues to be depressed—there are hopeful indications that the full year's results will be at least equal to those for 1981.

Your board recommend payment of a final ordinary share dividend of 1.5p per share making a total of 1.95p per share compared with the 1.8p per share paid for 1980, which is covered approximately 7 times.

## THE NEW THROMMORTON TRUST P.L.C.

Capital Loan Stock Valuation—4 May 1982

The Net Asset Value of £1 of Capital Loan Stock is 317.75p calculated on Formula 1. Securities valued at middle market prices.

## THE TRING HALL USM INDEX

122.1 (unchanged)  
Close of business 4/5/82  
BASE DATE 10/11/80 100  
Tel: 01-638 1591

## LADBROKE INDEX

(Close 582.587 (+10))

# Federated Land p.l.c.

In his statement to shareholders, the Chairman of Federated Land p.l.c. Mr. Arthur C. Richards, reports on the success of the Company in the field of shopping centre developments.

- \* Hempstead Valley Shopping Centre enjoyed increasing success in its second full year, and the Company has applied for planning permission for a further 90,000 sq. ft.
- \* At the Swan Centre, Leatherhead, trading has been above expectations, letting has progressed well and the remainder should be completed shortly.
- \* Preliminary work has started on the Hanley Town Centre Site, and the scheme is already attracting strong retailer interest.
- \* Bristol City Council has nominated Federated Land as the developer for its 200,000 sq. ft. shopping scheme at Canon's Marsh, adjacent to Bristol Cathedral.

Copies of the Company's Annual Report and Accounts can be obtained from: The Secretary, Federated Land p.l.c., Federated House, London Road, Dorking, Surrey, RH4 1SY.

# DIVIDENDS EACH YEAR SINCE 1912

The Board of Directors of ENSERCH Corporation on April 20, 1982, declared a regular quarterly dividend of 40 cents per share of common stock, payable June 7, 1982, to shareholders of record May 21, 1982.

For additional information, please write to Benjamin A. Brown, Vice President, Dept. L, ENSERCH Center, Box 999, Dallas, Texas 75221.

**ENSERCH CORPORATION**







This announcement appears as a matter of record only.



# PETROLEOS MEXICANOS

## U.S. \$2,000,000,000 Medium Term Loan

Lead Managed by

<b>BANCO DE VIZCAYA</b> <b>BANCO NACIONAL DE MEXICO, S. A.</b> <b>BANAMEX</b>	<b>BANCO DI ROMA</b> <b>BANKAMERICA INTERNATIONAL GROUP</b>	<b>BANCO EXTERIOR GROUP</b> <b>THE BANK OF NOVA SCOTIA GROUP</b>
<b>THE BANK OF TOKYO, LTD.</b> <b>BARCLAYS BANK GROUP</b> <b>CITICORP INTERNATIONAL GROUP</b>	<b>BANQUE NATIONALE DE PARIS</b> <b>CHASE MERCHANT BANKING GROUP</b> <b>COMMERZBANK</b> <b>AKTIENGESELLSCHAFT</b>	<b>BANQUE DE PARIS ET DES PAYS BAS</b> <b>CHEMICAL BANK INTERNATIONAL GROUP</b> <b>CREDIT LYONNAIS</b>
<b>CREDIT SUISSE</b> <b>FIRST INTERSTATE BANK GROUP</b> <b>MANUFACTURERS HANOVER MERCHANT BANKING GROUP</b>	<b>CREDITANSTALT-BANKVEREIN</b> <b>MELLON BANK, N.A.</b> <b>NATIONAL BANK OF CANADA</b> <b>NATIONAL WESTMINSTER BANK GROUP</b>	<b>THE DAI-ICHI KANGYO BANK, LIMITED</b> <b>THE INDUSTRIAL BANK OF JAPAN, LIMITED</b> <b>MIDLAND BANK INTERNATIONAL</b> <b>ORION ROYAL BANK LIMITED</b> <b>SOCIETE GENERALE</b> <b>SWISS BANK CORPORATION INTERNATIONAL LIMITED</b>
<b>THE SUMITOMO TRUST AND BANKING CO., LIMITED</b>		

Managed by

<b>BANCA COMMERCIALE ITALIANA</b> <b>THE MITSUBISHI TRUST AND BANKING CORPORATION</b> <small>PANAMA BRANCH</small>	<b>EUROPEAN AMERICAN BANK</b>	<b>LIBRA BANK LIMITED</b> <b>THE MITSUI TRUST AND BANKING CO., LTD</b>
<b>REPUBLIC NATIONAL BANK OF NEW YORK / TRADE DEVELOPMENT BANK OVERSEAS INC.</b>		

Co-Managed by

<b>CREDIT COMMERCIAL DE FRANCE</b>	<b>ALLIED IRISH BANKS LIMITED</b> <small>NEW YORK BRANCH</small>	<b>AMERITRUST COMPANY</b>
<b>BANCO DO ESTADO DE SAO PAULO S.A.</b> <small>NEW YORK AGENCY</small>	<b>BANCO MEXICANO SOMEX, S. A.</b>	<b>BANCO URQUIJO, S. A.</b> <small>GRAND CAYMAN BRANCH</small>
<b>GIRARD BANK</b>	<b>IRVING TRUST COMPANY</b>	<b>PITTSBURGH NATIONAL BANK</b>
<b>TEXAS COMMERCE BANK NATIONAL ASSOCIATION</b>	<b>VEREINS-UND WESTBANK INTERNATIONALE S.A.</b>	<b>ZENTRALSPARKASSE UND KOMMERZIALBANK WIEN</b>

Funds Provided by

<b>BANCO DE VIZCAYA S.A.</b>	<b>BANCO DI ROMA IBF - NEW YORK</b>	<b>BANCO EXTERIOR GROUP</b>	<b>BANCO NACIONAL DE MEXICO, S.A.</b> <small>NASSAU BRANCH</small>	<b>BANK OF AMERICA NT AND SA</b>
<b>THE BANK OF NOVA SCOTIA INTERNATIONAL LIMITED</b>	<b>THE BANK OF TOKYO, LTD.</b>	<b>BANQUE DE PARIS ET DES PAYS BAS</b>	<b>BARCLAYS BANK INTERNATIONAL LIMITED</b>	<b>THE CHASEMANHATTAN BANK, N.A.</b>
<b>CHEMICAL BANK</b>	<b>CITIBANK, N.A.</b>	<b>COMMERZBANK</b> <small>AKTIENGESELLSCHAFT</small>	<b>CREDIT SUISSE</b>	<b>CREDITANSTALT-BANKVEREIN</b>
<b>MANUFACTURERS HANOVER TRUST COMPANY</b>	<b>MELLON BANK, N.A.</b>	<b>MIDLAND BANK PLC</b>	<b>NATIONAL BANK OF CANADA</b>	<b>THE ROYAL BANK OF CANADA (BARBADOS) LIMITED</b>
<b>SWISS BANK CORPORATION</b>	<b>NATIONAL WESTMINSTER BANK PLC</b>	<b>THE SUMITOMO TRUST AND BANKING CO., LTD.</b> <small>LOS ANGELES AGENCY</small>	<b>FIRST INTERSTATE BANK OF CALIFORNIA</b>	<b>BANCA COMMERCIALE ITALIANA</b> <small>NEW YORK BRANCH</small>
<b>BANQUE NATIONALE DE PARIS</b> <small>NEW YORK BRANCH</small>	<b>BANQUE NATIONALE DE PARIS</b> <small>SAN FRANCISCO AGENCY - INTERNATIONAL BANKING FACILITY</small>	<b>CREDIT LYONNAIS (NEW YORK BRANCH)</b>	<b>CREDIT LYONNAIS (PANAMA BRANCH)</b>	
<b>EUROPEAN AMERICAN BANKING CORPORATION</b>	<b>LIBRA BANK LIMITED</b>	<b>THE MITSUBISHI TRUST AND BANKING CORPORATION</b> <small>PANAMA BRANCH</small>	<b>THE MITSUI TRUST AND BANKING CO., LTD.</b> <small>NEW YORK BRANCH</small>	
<b>ALLIED IRISH BANKS LIMITED</b> <small>NEW YORK BRANCH</small>	<b>AMERITRUST COMPANY</b>	<b>BANCO DO ESTADO DE SAO PAULO S.A.</b> <small>NEW YORK BRANCH</small>	<b>BANCO MEXICANO SOMEX, S.A.</b>	<b>BANCO URQUIJO, S.A.</b> <small>GRAND CAYMAN BRANCH</small>
<b>GIRARD BANK</b>	<b>IRVING TRUST COMPANY NEW YORK</b>	<b>PITTSBURGH NATIONAL BANK</b>	<b>RAINIER NATIONAL BANK</b>	<b>TEXAS COMMERCE BANK NATIONAL ASSOCIATION</b>
<b>VEREINS-UND WESTBANK INTERNATIONALE S.A.</b>	<b>ZENTRALSPARKASSE UND KOMMERZIALBANK WIEN</b>	<b>REPUBLIC NATIONAL BANK OF NEW YORK</b> <small>GRAND CAYMAN ISLAND BRANCH</small>	<b>TRADE DEVELOPMENT BANK OVERSEAS, INC.</b>	
<b>BANCA NAZIONALE DEL LAVORO</b> <small>LOS ANGELES BRANCH (OVERSEAS)</small>	<b>BANCO HISPANO AMERICANO S.A./GRAND CAYMAN BRANCH</b>	<b>BANCO INTERNACIONAL, S.A. MEXICO</b>	<b>BANCO REAL S.A.</b>	<b>BANCO RIO DE LA PLATA S.A.</b> <small>NEW YORK BRANCH</small>
<b>BANK OF THE SOUTHWEST N.A. HOUSTON</b>	<b>CREDIT COMMERCIAL DE FRANCE</b>	<b>CREDIT COMMERCIAL DE FRANCE - NEW YORK</b>	<b>COUNTY BANK LIMITED</b>	
<b>THE DETROIT BANK AND TRUST COMPANY</b>	<b>FIRST INTERSTATE BANK OF OREGON, N.A.</b>	<b>FIRST UNION NATIONAL BANK</b>	<b>THE HOKKAIDO TAKUSHOKU BANK LTD</b>	
<b>THE HOKORIKO BANK, LTD.</b>	<b>MERCANTILE TRUST COMPANY, N.A.</b>	<b>THE SUMITOMO TRUST AND BANKING CO., LTD.</b> <small>SINGAPORE BRANCH</small>	<b>TOKAI ASIA LTD.</b>	<b>SUN BANK, N.A. ORLANDO, FLORIDA</b>
<b>FIRST INTERSTATE BANK OF ARIZONA, N.A.</b>	<b>CREDIT DU NORD</b>	<b>AMERICAN NATIONAL BANK AND TRUST OF NEW JERSEY</b>	<b>BANERJ-BANCO DO ESTADO DO RIO DE JANEIRO S.A.</b> <small>NEW YORK BRANCH</small>	
<b>BANCO DE BOGOTA</b>	<b>BANCO DE PONCE</b>	<b>BANCO DO COMERCIO E INDUSTRIA DE SAO PAULO S.A.</b> <small>NEW YORK AGENCY</small>	<b>BANCO ITAU S.A., NEW YORK AGENCY</b>	<b>BANK OF IRELAND</b>
<b>BANK OF VIRGINIA</b>	<b>BANQUE ROTHSCHILD</b>	<b>CLYDESDALE BANK PLC</b>	<b>THE EQUITABLE TRUST COMPANY</b>	<b>FIRST NATIONAL BANK OF MARYLAND</b>
<b>FIRST NATIONAL STATE BANK OF NEW JERSEY</b>	<b>FIRST PENNSYLVANIA BANK, N.A.</b>	<b>THE FORT WORTH NATIONAL BANK</b>	<b>THE HUNTINGTON NATIONAL BANK</b>	<b>JAPAN INTERNATIONAL BANK LIMITED</b>
<b>LTCC (SCHWEIZ) AG</b>	<b>MIDLANTIC NATIONAL BANK</b>	<b>NORDIC AMERICAN BANKING CORPORATION</b>	<b>PRIVATBANKEN LIMITED</b>	<b>THE SAITAMA BANK LTD. LOS ANGELES AGENCY</b>
<b>THE SUMITOMO BANK, LIMITED</b>	<b>UBAF ARAB AMERICAN BANK</b>	<b>UNITED JERSEY BANK</b>	<b>WINTERS NATIONAL BANK AND TRUST COMPANY</b>	<b>MICHIGAN NATIONAL BANK</b>
<b>BANCO DE LA PROVINCIA DE BUENOS AIRES</b>	<b>BANCO PASTOR, S.A.</b>	<b>HARTFORD NATIONAL BANK AND TRUST COMPANY</b>	<b>MERCHANTS NATIONAL BANK &amp; TRUST COMPANY</b> <small>NASSAU BRANCH</small>	<b>MICHIGAN NATIONAL BANK</b>
<b>SHAWMUT BANK OF BOSTON, N.A.</b>	<b>THE TOYO TRUST AND BANKING CO., LTD.</b> <small>LOS ANGELES AGENCY</small>	<b>BAER AMERICAN BANKING CORPORATION</b>	<b>BANCO CAFETERO, S.A. (PANAMA)</b>	
<b>BANCO DI SANTO SPIRITO (LUXEMBOURG)</b>	<b>BANK FEUR ARBEIT UND WIRTSCHAFT AG</b>	<b>THE BOATMEN'S NATIONAL BANK OF ST. LOUIS</b>	<b>CENTRAL PENN NATIONAL BANK</b>	
<b>DEN NORSKE CREDITBANK (LUXEMBOURG) S.A.</b>	<b>FIRST AND MERCHANTS NATIONAL BANK</b>	<b>THE FIRST INTERNATIONAL BANK OF ISRAEL LTD.</b>	<b>J. HENRY SCHRODER BANK AND TRUST COMPANY</b>	
<b>HAWAII FINANCIAL CORPORATION (HONG KONG) LTD</b> <small>(A WHOLLY OWNED SUBSIDIARY OF BANK OF HAWAII)</small>	<b>NATIONAL CITY BANK OF MINNEAPOLIS</b>	<b>OLD STONE BANK</b>	<b>BANCO CAFETERO INTERNATIONAL CORPORATION</b> <small>NEW YORK</small>	
<b>SPAREBANKEN OSLO AKERSHUS</b>	<b>UNBANCO-UNIAO DE BANCOS BRASILEIROS S.A.</b> <small>NEW YORK AGENCY</small>	<b>ARAB TURKISH BANK</b>	<b>BANQUE VERNES ET COMMERCIALE DE PARIS</b>	
<b>BANCO DE CREDITO DEL PERU INTERNATIONAL</b> <small>GRAND CAYMAN</small>	<b>BANCO DE PROGRESO, S.A., MADRID</b>	<b>BANCO LATINOAMERICANO DE EXPORTACIONES</b> <small>-BLADEX-</small>	<b>LONDON INTERSTATE BANK LIMITED</b>	
<b>FIRST JERSEY NATIONAL BANK</b>	<b>KUWAIT-FRENCH BANK</b>	<b>KUWAIT PACIFIC FINANCE COMPANY LIMITED</b>	<b>UNION PLANTERS NATIONAL BANK OF MEMPHIS</b>	
<b>MARINE NATIONAL EXCHANGE BANK OF MILWAUKEE</b>		<b>OLD KENT BANK AND TRUST COMPANY</b>		

**CITIBANK, N.A.**

Agent



April 2, 1982

All these Certificates have been sold. This announcement appears as a matter of record only.

NEW ISSUE

February 22, 1982



**REPUBBLICA ITALIANA**

Ministero del Tesoro  
Direzione Generale del Tesoro

**ECU 500,000,000**  
Treasury Certificates in ECU  
14% 1982-1989

Banca d'Italia

Banca Commerciale Italiana Banca Nazionale dell'Agricoltura  
Banca Nazionale del Lavoro Banca Popolare di Novara Banco di Napoli  
Banco di Roma Cassa di Risparmio delle Provincie Lombarde Credito Italiano  
Istituto Bancario San Paolo di Torino Monte dei Paschi di Siena

Kredietbank International Group

Algemene Bank Nederland N.V. Banca Commerciale Italiana Banca del Gottardo  
Banca Nazionale del Lavoro Banco di Roma Bank Brussel Lambert N.V.  
Banque de l'Indochine et de Suez Banque Nationale de Paris  
Banque de Paris et des Pays-Bas Crédit Lyonnais Deutsche Bank Aktiengesellschaft  
Gefina International Limited Istituto Bancario San Paolo di Torino  
Kleinwort, Benson Limited Merrill Lynch International & Co. Privatbanken A/S  
Société Générale S.G. Warburg & Co. Ltd.

**CIT-Alcatel increases earnings and dividend**

By Our Paris Staff

CIT-ALCATEL, the telecommunications and electronics subsidiary of the recently nationalised French CGE group, increased net parent company profits last year from FF 77.5m to FF 95.2m (\$15.9m). Sales also registered a sharp 20 per cent increase to FF 4.9bn.

Consolidated turnover figures for the group, which has not yet consolidated its profits, show an even sharper 30 per cent jump to FF 10.7bn. The company says that this increase reflects the higher level of activity in its electronics division and the entry into the accounts of Rhone the recently acquired UK office equipment group, for the first time.

CIT's telecommunications subsidiary has also increased its sales both through exports and a larger market share in France.

On the profits side, the company has been helped by the completion of a major manufacturing switch involving digital equipment. This gradual conversion of plants ran up heavy redundancy and reorganisation payments in previous years.

But the cuts, involving about 7,000 jobs, are complete, while the global group workforce, including redeployed workers and new entries from takeovers, has stabilised at about 40,000.

The board is proposing an increased dividend of FF 60 a share net for 1981, against FF 54 last year.

The French Government is expected to float another FF 10bn (\$1.6bn) state loan shortly. The Economics Ministry is reportedly putting the finishing touches on a six-year instrument with a variable rate that will be revised after three years.

This will be the third state bond issue the Government has floated since last May. Last December the Government offered an eight-year issue bearing an annual interest rate of 16.20 per cent.

**Rhone-Poulenc cuts loss and sees improvement**

BY TERRY DODSWORTH IN PARIS

THE NEWLY nationalised Rhone-Poulenc group, France's largest chemicals company, ran into a further heavy loss of FF 335m (\$55.8m) last year despite an increase in sales of almost 20 per cent.

The figures underline the financial weakness of the group, which is earmarked to play the lead role in the reorganisation of the French chemicals industry. Rhone-Poulenc is said to have told the Government it will need about FF 1bn (\$167m) annually in fresh capital over the next three years to support its investment plans.

Last year had proved to be as difficult as 1980 for the whole of the European chemicals industry, the company said. But the first quarter of this year had shown a "significant" improvement, despite the mediocre

market conditions and the heavy financial charges the company was having to bear.

The deficit compares with a loss of FF 1.9bn in 1980 when the group was in the middle of a draconian closure programme for its textile interests. To cover the costs of this reconstruction over the 1981-1983 period, Rhone-Poulenc set aside provisions of FF 1.6bn.

The company made yet more exceptional charges of FF 91m last year against the cost of reorganisations in other, unspecified, parts of the group. Subtracting these special provisions the loss last year amounted to FF 244m against FF 327m in 1980.

In addition, last year's accounts include profits from asset sales of FF 128m, compared with FF 70m in 1980,

and FF 317m of carried forward profits from readjusted taxes. On the debit side, the results take account of FF 102m of reorganisation charges linked to costs in manufacturing.

Earlier this year, Rhone-Poulenc blamed the rise in raw material costs, which it had not been able to recover in increased prices, along with difficulties in its fertilizer division, for many of its problems last year.

It said that overseas subsidiaries, which generated 94 per cent of total turnover, had played a leading role in the increase in sales, which went up from FF 30.2bn to FF 35.9bn. About 4 per cent of this rise, was attributable to a real increase in the company's business.

**Grundig expects return to profit**

BY KEVIN DONE IN FRANKFURT

GRUNDIG, the West German consumer electronics group, cut its losses by DM 150m last year to about DM 40m (\$17.4m). The group is confident it will return strongly to profit in the current financial year.

On the basis of current order books and the strength of demand, group profits for 1982-83 could exceed DM 200m.

Turnover rose by 5 per cent in the year ended March 1982 to DM 2.5bn from DM 2.37bn in 1981.

Herr Rene Dreier, the group's financial director said yesterday that Grundig was aiming to increase sales to DM 3.5bn for 1982-83.

For the past three years sales have been falling and last year the group ran up a deficit of DM 187m. The turnaround in its fortunes is based on high demand for video recorders and strong colour television sales, which have been helped by the introduction of stereo TV sets.

Grundig is aiming to increase video recorder production to 500,000 units this year from only 250,000 in 1981. Output is set to double again to about 1m next year.

Demand for video recorders

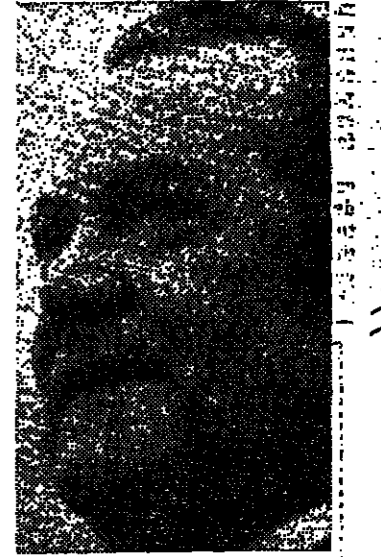
in West Germany, where the Grundig/Philips system has a market share of about 30 per cent, was stronger than expected last year at an estimated 750,000. Grundig market forecasts suggest this total could double this year.

Grundig is planning a television set production of 2.1m in 1982-83—1.8m colour sets and 300,000 black and white sets—compared with 1.6m in 1981 and an estimated 1.8m in 1982.

In the current year Grundig expects a video recorder turnover of DM 1.2bn and television sales of DM 2bn.

The company's strong recovery follows a period in which its financial performance has been heavily burdened by the costs of a sweeping rationalisation programme undertaken to meet the challenges of mounting competition from the Far East and Europe.

From November 1978 to March 1981 the workforce was cut from 40,000 to just 29,000 and 11 plants were closed in Europe. In the last six months the workforce has been increased by about 2,000 to 31,400 to take account of rising



Dr Max Grundig

video recorder output.

The company is 75.5 per cent owned by its founder and chief executive, Dr Max Grundig. Philips, the Dutch electrical group, is a minority share holder.

**RSV deficit cut by second half recovery**

By Our Financial Staff

RSV, the Dutch shipbuilder, has clawed its way back to profits in the second half of 1981, and as a result has reduced net losses for the year to Fls 8.4m (\$3.3m) from 1980's Fls 28.7m deficit.

The performance reflects an improvement in the operating earnings of the Brazilian shipyard subsidiary, Verolme Brazille to Fls 80.2m from Fls 42m, as well as a better net financial result.

Excluding losses from a turnkey project in Algeria, RSV realised a Fls 45.1m operating profit on its Dutch activities, up from Fls 8.8m in 1980.

Provisions amounting to Fls 80m have been charged on the Algerian contracts. At the same time Fls 42.5m has been absorbed by a reorganisation of the shipbuilding and offshore activities and Fls 30m for tanker writedowns.

Orders amounted to Fls 8bn at the year end, an increase of Fls 1.6bn over end-1980. One-eighth of these relate to work in Brazil.

**Boost for Greek cement group**

By Victor Walker in Athens

HERACLES, the Greek cement group, has increased net profits for 1981 to Drs 688m (\$11m) from Drs 566m following a rise in sales to Drs 19.7bn, against Drs 13.7bn.

The company, Greece's largest cement producer, has achieved record sales and exports despite high inflation, political and economic uncertainties and the constraints on economic activity in Greece.

Heracles is constructing a cement unit on the Aegean island of Euboea, alongside a coal terminal also being built by the company.

Of last year's group turnover, cement operations accounted for Drs 14.31bn. Exports represented Drs 8.3bn of sales.

**Amsterdam bourse plans investor speculation curbs**

BY OUR FINANCIAL STAFF

AMSTERDAM'S STOCK market authorities are planning moves aimed at stamping out excessive investor speculation.

The Stock Exchange Association is studying the possibility of imposing regulations on operators taking short or long positions, bourse chairman, Mr B. Van Ittersum, told a Press conference. These could include setting an acceptable limit for the extent of such positions so as to "avoid disrupting" normal trading.

Reporting requirements could also be imposed as they have been in other countries.

Official disclosures of short or long positions could also be possible, Mr Van Ittersum said.

The moves follow a forced buying auction in some Dutch shares about a month ago because of major prolonged short positions.

Mr Van Ittersum also announced tentative plans for the introduction of trading in U.S. Government bonds. He said the Stock Exchange and the European Options Exchange were seeking approval by the Dutch Finance Ministry. Negotiations with the U.S. authorities would follow.

**Varta income falls 45%**

BY KEVIN DONE IN FRANKFURT

VARTA, one of West Europe's leading battery manufacturers, suffered a fall of 45 per cent in its after-tax profits last year to DM 16.2m (\$7.1m) compared with DM 29.7m in 1980.

The group, which is majority-owned by the private Quandt family interests in West Germany, is cutting its dividend by a sixth to DM 5 per share.

Turnover rose by only 7 per cent last year to DM 1.629bn from DM 1.527bn, and Varta is still being hit by the recession

in important customer industries, such as automobile manufacture.

In the first quarter of 1982 sales rose worldwide by 9 per cent to DM 384m. In 1981 the group had to depend solely on foreign markets for growth, with export sales rising by 22.6 per cent compared with a 1.4 per cent drop in domestic sales.

Profits were hit last year by its inability to pass on rising labour and raw materials costs fully in higher product prices.

**Oil policies upset Moeller**

BY HILARY BARNES IN COPENHAGEN

DISPUTES with the Danish Government over oil and gas exploration policy and the poor prospects in world tanker markets are the main talking points in the annual report from the Moeller shipping group.

The Moeller partnership increased earnings before allocations from Dkr 607m to Dkr 863m (\$108m) in 1981. Net interest costs rose from Dkr 39m to Dkr 157m.

The report contains bitter criticisms of the Danish Government for its economic policies

in particular its handling of offshore oil and gas exploration and flag policies.

Having last year forced Moeller to give up all but one per cent of its licence rights to the Danish on and offshore areas, the government has now "added insult to injury" by introducing a hydrocarbons tax "which completely alters the terms which were the basis for our operations over many years and the very substantial investments we and our partners have made."

**Italian bank lifts net earnings**

BY RUPERT CORNWELL IN ROME

THE IMPRESSION that 1981 was a vintage year for the Italian banking system, despite falling domestic deposits, has been strengthened by the results of Istituto Bancario San Paolo di Torino. Net earnings nearly doubled to L39.3bn (\$30m).

The improvement at San Paolo, Italy's sixth largest commercial bank, follows strong gains reported by other major credit institutes. During the year its overall deposits rose by 21 per cent to L22.5bn.

However, this increase masks a sharp divergence between domestic lire deposits which grew by only 1.4 per cent (well below the rate of inflation), and expansion elsewhere, notably among its international operations.

These last contributed an extra L745bn of deposits in 1981. This year San Paolo will be opening full branches in London and Amsterdam. It already has branches in Frankfurt, Munich and New York. Meanwhile, the Milan bourse

has confirmed that both Banco Ambrosiano and Banca Cattolica del Veneto, controlled by Ambrosiano, will have a full listing from today on Italy's most important stock exchange.

Ambrosiano, which hitherto has been traded solely on the over-the-counter market, has this week released new details of its shareholding structure, a topic which has long aroused much curiosity and controversy here.

**BP in talks with Swedish mining group**

By William Dufforce in Stockholm

BRITISH Petroleum may invest in non-ferrous metals mining in Central Sweden.

BP Minerals International has started discussing "with serious intent" joint mining ventures with LKAB, the state mining company which holds the rights to several ore finds in the Bergslagen area. Mr Sven Nyberg, managing director of BP's Swedish subsidiary, confirmed yesterday.

LKAB, whose main business is running the iron mines of north Sweden, has made several finds in the Bergslagen area as has Boliden, the privately owned metals group. Sweden owns between 15 and 25 per cent of Europe's known reserves in such metals as copper, silver and gold, says Mr Nyberg.

But LKAB has accumulated losses of SKR 2.84bn (\$485m) in the past six years and lacks the resources to exploit its non-ferrous finds. The government has suggested that it look for foreign partners.

It is about 70 years since a foreign enterprise was authorised to start mining in Sweden. A law passed in 1916 limits foreign participation to 40 per cent (and to 20 per cent of the voting rights) in any Swedish mining company.

Last year LKAB spent about SKR 43m on prospecting but its financial weakness prevents it from investing adequately in further prospecting and development.

**Reorganisation costs hit Sanofi**

By Our Paris Staff

SANOFL, the French pharmaceuticals and cosmetics group, has increased net profits by 12 1/2 per cent to FF 261m (\$43m) for 1981 on sales 27 per cent higher at FF 6.6bn.

The performance represents a considerable slowdown from 1980—when profits doubled—and reflects reorganisation costs, mainly arising from the company's absorption of CM Industries.

Sanofi, closely linked to the State sector through the 56 per cent stake held by the publicly controlled ICF Aquitaine oil group, said it continued with heavy spending last year. Investments amount to FF 300m, and expenditure on research rose to FF 440m, mainly linked to the group's pharmaceutical activities.

Cash flow last year amounted to FF 529m, an increase of 23 per cent, while parent company net profits rose by 36 per cent to FF 151m. The company is proposing a 12.5 per cent increase in dividends to FF 13.50 a share.

U.S. \$40,000,000



**Christiania Bank og Kreditkasse**

(Incorporated in the Kingdom of Norway with limited liability)

Floating Rate Subordinated Capital Notes Due 1991

In accordance with the provisions of the Notes, notice is hereby given that for the three month Interest Period from 5th May, 1982 to 5th August, 1982 the Notes will carry an Interest Rate of 15 3/4% per annum and the Coupon Amount per U.S. \$1,000 will be U.S. \$39.13.

Credit Suisse First Boston Limited  
Agent Bank

U.S. \$20,000,000



**Den norske Creditbank**

Floating Rate Subordinated Capital Notes Due 1990

In accordance with the provisions of the Notes, notice is hereby given that for the three month Interest Period from 5th May, 1982 to 5th August, 1982 the Notes will carry an Interest Rate of 15 3/4% per annum and the Coupon Amount per U.S. \$1,000 will be U.S. \$39.13.

Credit Suisse First Boston Limited  
Agent Bank



**NACIONAL FINANCIERA, S.A.**  
US\$150,000,000 Floating Rate Notes due 1990

For the six months 5th May 1982 to 5th November 1982 the Notes will carry an interest rate of 15 3/4% per annum and Coupon Amount of US\$779.44.

The relevant Interest Payment Date will be 5th November 1982

By: Bankers Trust Company, London  
Reference Agent

*Bohlin Ltd*

This announcement appears as a matter of record only

**FINSIDER INTERNATIONAL S.A.**  
Luxembourg

US\$ 20'000'000.00  
Medium Term Floating Rate Loan

guaranteed by  
**SOCIETÀ FINANZIARIA SIDERURGICA**  
**FINSIDER PER AZIONI**  
Rome



provided by  
Banca del Gottardo  
The Hokkaido Takushoku Bank, Limited, London Branch  
Banca Ambrosiano Overseas Limited  
Banca Unione di Credito  
Banque de l'Union Européenne (Luxembourg) S.A.  
Algerische Aussenhandelsbank A.G.  
Tukugin International Bank (Europe) S.A.  
Wozchod Commercial Bank Ltd.

agent  
**Banca del Gottardo**

March, 1982

This announcement appears as a matter of record only

**LIGHT-SERVIÇOS DE ELETRICIDADE S.A.**  
Rio de Janeiro



SFR 30'000'000.00  
Medium Term Floating Rate Loan

guaranteed by  
**THE FEDERATIVE REPUBLIC OF BRAZIL**

managed by  
**Banca del Gottardo**  
**Dai-ichi Kangyo Bank (Schweiz) AG**

provided by  
Banca del Gottardo  
Dai-ichi Kangyo Bank (Schweiz) AG  
Seattle-First National Bank (Switzerland) Zürich  
Handelsbank N.W.  
J. Henry Schroder Bank AG  
Banque Louis-Dreyfus en Suisse SA

agent  
**Banca del Gottardo**

March, 1982

# Court blocks partial bid by Kirsh for Gretermans

BY THOMAS SPARKS IN JOHANNESBURG

THE BID by Kirsh Industries for Gretermans Stores, the company which operates South Africa's largest supermarket chain, Checkers, has been blocked by the Supreme Court in Johannesburg.

Kirsh offered to acquire 50 per cent of the 3.02m Gretermans voting ordinary shares in issue at R15 (\$14.4) a share from the previous controlling shareholders. No offer was made for any of the 2.63m non-voting ordinary shares. Payment was to be by the issue of new shares in companies in the Kirsh group which were then to be sold for cash.

The partial bid was ratified by the Johannesburg Stock Exchange Committee after it

had been agreed earlier by Mr Richard Lurie, the president, and Mr Paul Ferguson, the vice president. The agreement and ratification, however, were contrary to the stock exchange requirement that in the case of a bid for a company all ordinary shares shall be treated equally whether or not they carry votes.

This was not the case in the bid for Gretermans and an aggrieved non-voting shareholder, Dawnlaan Investments, petitioned the court to block a limited bid. The court has decided that the earlier approval of the Stock Exchange Committee should not be allowed to stand, and has instructed the Exchange to ensure that the takeover is not implemented in its present form.

In agreeing with Dawnlaan's contention that the Stock Exchange had not performed its duty to protect minority shareholders, the court said the business of the Exchange must be carried out with due consideration of the public interest. The committee, the court said, should not be a law unto itself and the court had the right to review the committee's decisions if it were in the public interest.

The court said that Mr Lurie's decision could not be allowed to stand and that "he failed to recognise that the minority shareholders had any right at all and he failed to apply his mind to the question of special circumstances."

# Earnings halved at Tan Chong Motors

By Wong Sulong in Kuala Lumpur

PRE-TAX EARNINGS of Tan Chong Motors, the distributor of Datsun cars in Malaysia and Singapore, fell by 56 per cent to 47m ringgit (\$20.4m) for 1981, although turnover was up 6 per cent to 652m ringgit. After-tax profits were 51 per cent lower at 26m ringgit.

Keen competition, especially the second half, led the company to mount several expensive sales campaigns, and a high level of stocks and higher financing charges caused an erosion of margins.

A final dividend of 15 per cent is to be paid, making an unchanged total of 21 per cent. Net earnings per share fell from 54 cents to 27 cents.

Tan Chong expects the first half of the current year to show unchanged earnings, but hopes for better things in the late second half with an anticipated economic recovery.

Meanwhile at Cycle and Carriage Bintang, which distributes Mercedes cars in Malaysia, pre-tax earnings for the first six months to March nearly double to 8.8m ringgit on sales up by 6 per cent to 114m ringgit.

The company said margins were restored through improved efficiency and it is optimistic of better sales in the second half.

An unchanged interim dividend of 6 per cent has been declared.

# Group profits lower at Daiei

BY YOKO SHIBATA IN TOKYO

DAIEI, Japan's largest supermarket chain operator and retailer, with 28 consolidated subsidiaries and 71 affiliated companies, has reported a 64.2 per cent setback in group net earnings to ¥3.66bn (\$15.5m) for the year ended February.

The figure takes account of value losses on unconverted debentures overseas caused by the yen's depreciation against the U.S. dollar. In the previous year the issues generated exchange profits of ¥5.1bn.

Group sales were 10.6 per cent higher at ¥1,292bn. Of the total, clothing accounted for 25.8 per cent (up 1.1 per cent), food for 37.2 per cent (up 5.9 per cent), household goods for 14.6 per cent (up 7.2 per cent), and leisure and hobby products for 10.4 per cent (up 7.5 per cent).

In the current year, the company expects a continuation of the sluggish consumer spending and selectiveness of customers and plans to raise gross profit

margins by expanding sales of its own brand merchandise.

Last month Daiei reported parent company net profits up by 9.2 per cent to ¥9.3bn.

Daiei and the Equitable Life Assurance Society of the U.S. are to acquire jointly the Ala Moana Shopping Centre in Honolulu for about \$330m, Reuter adds from Tokyo.

Daiei and Equitable will establish a joint company to take over the centre, with Daiei holding a 60 per cent stake.

# Kirloskar Electric to control Herbert India

BY JOHN ELLIOTT IN BOMBAY

NEGOTIATIONS are expected to be finalised soon for Kirloskar Electric, part of the major Kirloskar Engineering Group of India, to buy a British-owned 40 per cent holding in Alfred Herbert (India).

The stake is for sale following the disbanding of the Herbert Machine tool group in the UK after rescue attempts mounted by the state-owned National Enterprise Board failed. Under Indian law governing foreign ownership of companies, 40 per cent is the

basic maximum allowed to be held abroad.

Mr A. C. Puri, managing director of Alfred Herbert (India) held meetings with bankers and other interests in Bombay on Monday before leaving for London. The deal will give Kirloskar effective control of Herbert (India), a successful machine tool manufacturer. Herbert's customers include Tooling Investments of the UK which has bought the surviving Herbert interests in Britain.

# Spending spree for AMP

BY IAN PERKIN IN MELBOURNE

AUSTRALIAN MUTUAL Provident Society (AMP), Australia's leading life insurance office and largest institutional investor, is poised to make several major investments in Australia and overseas, according to Mr Alan Coates, the chief general

manager. The society has current cash resources of some A\$200m (U.S.\$211m).

Mr Coates gave no details of the proposed new investments and did not indicate whether he was referring to fresh purchases of Australian shares.

Mr Coates said that the AMP is in the final stages of negotiations to make investments totalling almost A\$30m in the U.S. He said the society was now taking full advantage of the 1960 decision to de-control Australian investment overseas.

But Mr Coates said the society would never invest more than 2 per cent of its total assets outside Australia.

The Australian finance subsidiary of Citicorp, Citicorp Australian Holdings, lifted net profits by 5.9 per cent from A\$5.1m to A\$5.4m in the first quarter of 1982.


Net receivables for the three months were A\$1.64bn, a rise of \$282m on the previous year.

# Sharp rise for Israel Discount Bankholding

By L. Daniel in Tel Aviv

ISRAEL DISCOUNT Bankholding, the parent company of the Israel Discount Bank and a range of companies engaged in investment, particularly industrial, in mortgage financing, construction, insurance, etc., reports that net profit last year soared to Sh 1.29bn (\$63m) from Sh 462m, a rise of 179 per cent in a year when inflation reached 101.5 per cent.

The profit represents a 7.6 per cent yield on capital. The balance sheet total rose to Sh 152.2bn from Sh 64.2bn.



**U.S. \$20,000,000**  
Bearer Depository Receipts  
representing undivided interests in a  
Floating Rate Deposit finally due 1986  
with  
**C.A. Cavendes**  
Sociedad Financiera  
(Incorporated with limited liability in the Republic of Venezuela)  
evidenced by consecutive three month Certificates of Deposit

Notice is hereby given pursuant to the Terms and Conditions of the Bearer Depository Receipts (the "BDRs") that for the three months from 5th May, 1982 to 5th August, 1982 the BDRs will carry an interest rate of 15 7/8% per annum. On 5th August, 1982 interest of U.S.\$39.77 will be due per U.S.\$1,000 BDR and U.S.\$397.71 due per U.S.\$10,000 BDR for Coupon No. 12.

European Banking Company Limited  
(Agent Bank)

5th May, 1982.

# The effective link in Financial Futures


Exco Futures Ltd., the financial futures broking subsidiary of the international money broker, Exco International p.l.c., and Cargill Investor Services Ltd., the London affiliate of Chicago commodity brokers, Cargill Investor Services Inc., will work together on the London International Financial Futures Exchange.

Both parties believe that this proven combination of cash and futures markets expertise with its worldwide connections will best serve its customers in the financial futures markets in London and elsewhere.

**EXCO**  
Exco International p.l.c.  
80 Cannon Street, London EC4N 6LJ.  
Telephone: 01-626 2486. Telex: 887198.  
Futures Desk: 01-283 7642.

**CIS** Cargill Investor Services Ltd.,  
Staple Hill,  
Stone House Court, London EC3A 7AX.  
Telephone: 01-283 5272. Telex: 885453.

**U.S. \$40,000,000**




**Genossenschaftliche Zentralbank**  
Aktiengesellschaft  
Vienna

**Floating Rate Notes Due 1989**

In accordance with the provisions of the Notes, notice is hereby given that for the three month Interest Period from 5th May, 1982 to 5th August, 1982 the Notes will carry an interest rate of 15 3/4% per annum. The relevant Interest Payment Date will be 5th August, 1982 and the Coupon Amount per U.S. \$1,000 will be U.S. \$38.97.

Credit Suisse First Boston Limited  
Agent Bank

**Notice of Redemption**




**Petroleos Mexicanos**  
(A decentralised public agency of the United Mexican States)

**Bahrain Dinars 15,000,000**  
8 1/2% Notes due 1982-87

In accordance with the terms of the Fiscal Agency Agreement, notice is hereby given to Noteholders that requests for redemption in full of the principal amount of the Notes on 15 November, 1982 must be received by the Fiscal Agent before 15 August, 1982.

Fiscal Agent:  
**B.A.I.I. (Middle East) E.C.**  
P.O. Box 5333, Bahrain.  
Telex: 8542 (BAII BN)

This announcement appears as a matter of record only.



**SOFTE - Société Financière pour les Télécommunications et l'Électronique S.A.**  
(Société Anonyme incorporated with limited liability in the Grand Duchy of Luxembourg)

**US \$ 75,000,000**  
**Guaranteed Floating Rate Notes due 1989**

Extendible at the Noteholder's option to 1992  
Irrevocably and Unconditionally Guaranteed by

**STET**  
**Società Finanziaria Telefonica per Azioni**  
(Incorporated with limited liability in the Republic of Italy)  
a subsidiary of Istituto per la Ricostruzione Industriale


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Sumitomo Finance International      Crédit Lyonnais  
Chase Manhattan Limited              Credito Italiano, London

Banco di Santo Spirito (Luxembourg)      Banco di Sicilia (London Branch)  
Bank Brussel Lambert NV.      Banque Internationale de Gestion et de Trésorerie - BIGT  
Italian International Bank Limited      Nippon European Bank S.A.  
Sanwa Bank (Underwriters) Limited      N.V. Slavenburg's Bank  
Société Générale      Tokai Bank Nederland NV.      Yokohama Asia Limited

Algemene Bank Nederland NV.      Banca Commerciale Italiana      Bank Gutzwiller, Kurz, Bungeger (Overseas) Limited  
Yasuda Trust and Finance (Hong Kong) Ltd.

March 10, 1982



**ECU 65,000,000,000**  
of equipment leased by companies represented by

**LEASEUROPE**  
European Federation of Equipment Leasing Company Associations  
during its first ten years 1972 - 1982

- A Verband Österreichischer Leasing-Gesellschaften
- B Association Belge des Entreprises de Leasing
- CH Verband Schweizerischer Leasing-Gesellschaften
- D Bundesverband Deutscher Leasing-Gesellschaften
- DK Dansk Leasingkomite
- E Asociación Española de Leasing
- F Association Professionnelle des Etablissements Financiers
- GB Equipment Leasing Association
- I Associazione tecnica delle Società Finanziarie, di Leasing e di Factoring
- IRL Irish Finance Houses Association Leasing Committee
- L Eurolease Factor S.A.
- N De Norske Leasingelskapers Forening
- NL Nederlandse Vereniging van Leasemaatschappijen
- S Finansbolagens Förening
- SF Suomen Rahoitusyhdistöiden Yhdistys Ry

Barclays Mercantile Industrial Finance Limited, Bowmaker Leasing Limited, Forward Trust Group Limited, Hill Samuel Leasing Co. Limited, Lloyds Bank Group, Lombard North Central Plc, North West Securities Limited, Premier Computers Limited, Royal Bank Leasing Limited, Williams & Glyn's Leasing Company Limited, and the Equipment Leasing Association congratulate Leaseurope on its tenth anniversary.

WORLD STOCK MARKETS

Companies and Markets

NEW YORK

Table of stock prices for various companies in New York, including columns for Stock, May 3, and April 30.

Stock

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NEW YORK

Table of market indices for New York, including Dow Jones and other indices.

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NEW YORK ACTIVE STOCKS

Table of active stocks in New York, including columns for Monday, Stocks, and Change.

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Early Wall St advance of 7.6

A GOOD RALLY occurred on Wall Street in heavy early dealings yesterday.

Analysts said the market was continuing the advance that started late on Monday after initial weakness.

The Dow Jones Industrial Average rose 7.61 to 956.64 and the NYSE All Common Index 44 cents to 567.70.

Most active Dome Petroleum put on a bid to CS99 on trading of 140,078 shares in Toronto.

The NYSE All Common Index 44 cents to 567.70, while advances outpaced falls by a two-to-one ratio.

Trading volume expanded sharply to 44.4 million shares from the previous day's 1 pm level of 30.65 million.

Motorists gained ground, with General Motors firming to 54.91, Ford to 52.91 and Chrysler to 52.91.

Overnight Transportation picked up 1.13 to 52.11, Bank of Montreal 1.13 to 52.11, and E. F. Hutton 1.13 to 52.11.

THE AMERICAN SE Market Value Index is 1.72 ahead at 272.22 at 1 pm after volume of 3.52 million shares (2.33 million).

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Fischer and Porter lost 81 to 59. The company late on Monday reported a first-quarter loss and said it is out of compliance with loan covenants.

Canada The Oils sector made a bright showing yesterday morning, but markets were rather mixed overall.

Energy picked up 6.8 to 1.54.8, while Gold rose 61.0 to 271.8, and Gas rose 117 to 44.4.

Closing prices for North America were not available for this edition.

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ground, but most other low-priced domestic issues were little changed.

Germany Bourse prices were firmer for choice after relatively quiet dealings.

The Commerzbank index put on 1.6 to 716.2.

Among mixed Domestics, Volkswagen regained DM 1.30 to DM 145.50 after announcing a 7 per cent first quarter of 1982 turnover rise and forecasting that 1981 sales and profit levels can be held this year.

BMW shed DM 1.90 to DM 203.20.

Varta featured easier-inclined Electricals, falling DM 9 to DM 164 on announcing plans to cut its 1981 dividend to DM 5 from DM 6 paid out for 1980.

Siemens, however, rose DM 1.60 to DM 219.70.

Chemicals edged ahead, possibly helped by West German requests for European Community assistance to co-ordinate European plastics production capacity, a source of heavy losses for West German chemical companies last year.

Bayer and Hoechst each rose 50 pfennigs.

Banks generally continued to harden on the possibility of a reduction in the Lombard Rate, considered the key West German interest rate.

Dresdner Bank gained DM 1.30.

Australia Shares partially recovered late in the session yesterday after easing off at the close. There was again little activity with the session described as one of the quietest of the year so far.

Caltus Pacific lost 3 cents to 27 cents, after a 9 cent fall on Monday which followed a report that its Pines No. 1 well in the Gippsland Basin had not found a significant hydrocarbon to date.

The Jackson No. 3 well was reported to have produced 1,120 barrels a day oil flow from the first Jurassic Westbourne formation.

The partners, Clarendon, formed 4 cents to 67 cents and Santos 5 cents to AS4.95, while CSR, which has an interest through Delhi Oil, was a cent up at a high for the day of AS3.25.

Paris In the absence of any domestic market-affecting factors, shares were mixed again but with a slight majority of gains after a slack trading.

The Hang Seng index shed a mere 0.34 to 1,319.36, while turnover was fairly light, totalling HK\$220.93m on the four exchanges, compared with Monday's HK\$322.53m.

Some speculative activity was noted in China Light in response to market talk that it could be the subject of a partial bid similar to the recent one for HK Electric shares and one late last year for HK Telephone, which were both made by Hong Kong Land.

China Light advanced 50 cents to HK\$1.20 and HK Electric advanced 20 cents to HK\$1.15, but HK Telephone receded 40 cents to HK\$2.70 and HK Land lost 5 cents to HK\$7.45.

Johannesburg Gold shares were mostly slightly lower in further trading on the easier Bullion price.

Riof, however, firming 25 cents to R26.75 despite news of an underground fire at the mine.

Among mixed Industrial stocks, the Telecom sector moved up 25 cents to R12.00 on announcing a 28 per cent rise in profits for the year to March 31 1982.

Tiger Oats climbed 80 cents to R19.00.

CANADA

Table of stock prices for various companies in Canada, including columns for Stock, May 4, and April 30.

BELGIUM (continued)

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HOLLAND

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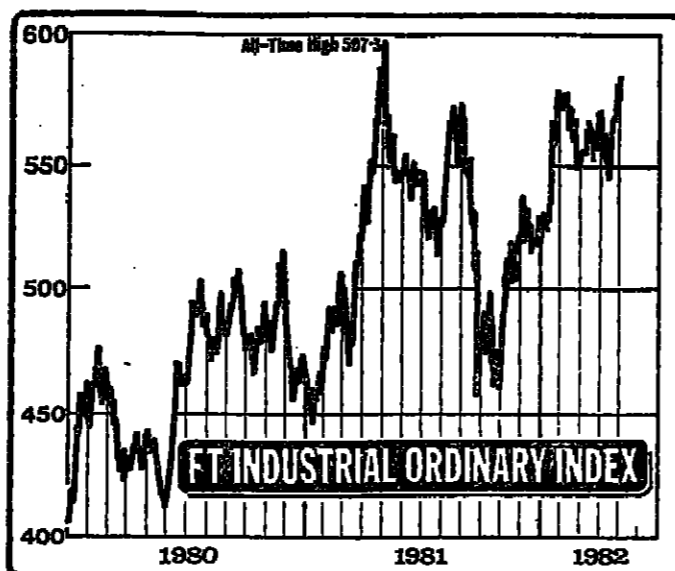
Table of stock prices for various companies in Netherlands, including columns for Stock, May 4, and April 30.

NETHERLANDS

Table of stock prices for various companies in Netherlands, including columns

Buyers undeterred by Falkland Islands developments
Share index up 9.1 at 584.2 - Gilts quietly firm

Account Dealing Dates
\*First Decider - Last Account
Apr 19 Apr 29 Apr 29 May 14
Apr 30 May 14 May 24 May 24
May 17 Jun 3 Jun 4 Jun 14



House, owner of the QE2 requisitioned by the Government for Falkland Islands duties, rose 5 to 28p, Channel Tunnel revived with a rise of 10 to 180p on the announcement that the Government will reach a definite decision on the proposed "channel link" by the end of the month.

Motor and aircraft component manufacturers usually finished higher with particular attention paid to aerospace-oriented issues. Dowry stood out with a gain of 8 to 127p, while Flight Refuelling, which announced increased full-year earnings last week, rose 7 to 275p.

Leading oils made modest progress in this trading before drifting off to close virtually unchanged. Secondary issues also closed below the best. Tritelent, first-quarter figures due on Friday, touched 22p before closing just 2p dearer on balance at 22p.

Textiles were subdued. Courtaulds closed a penny to the good at 88p, after 87p. Annual results from Tootal were mixed in line with market expectations and the shares eased a fraction to 41p.

RECENT ISSUES

Table with columns: Issue Price, Amount, Return, 1982, Stock, Closing Price, +/-

FIXED INTEREST STOCKS

Table with columns: Issue Price, Amount, Return, 1982, Stock, Closing Price, +/-

"RIGHTS" OFFERS

Table with columns: Issue Price, Amount, Return, 1982, Stock, Closing Price, +/-

Grindlays good
Continuing to reflect rumours of an imminent dawn raid or bid, Grindlays advanced 13 to 208p, after 210p.

Among Lloyds Brokers, C.E. Wealth formed 9 to 322p and Health Care closed a like amount better at 475p.

Ductile Steels jump
Ductile Steels highlighted a lively Engineering sector, jumping in response to the agreed bid from Glynded, 4 cheaper at 114p.

Among Hotels and Caterers, Stags Group dipped to 61p before closing a net 4 off at 63p following adverse press comment.

RISES AND FALLS YESTERDAY

Table showing rises and falls in various stock categories like British Funds, Foreign Bonds, etc.

Renunciation date usually last day for dealing free of stamp duty. Figures based on prospectus estimate. Dividend rate paid or payable on part of capital: cover based on dividend on full capital.

ACTIVE STOCKS

Table listing active stocks with columns for Stock, Closing price, Day's change, etc.

FINANCIAL TIMES STOCK INDICES
Table with columns: Index, 1982, 1981, 1980, etc.

HIGHS AND LOWS S.E. ACTIVITY
Table with columns: 1982, 1981, 1980, etc.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Table with columns: EQUITY GROUPS & SUB-SECTIONS, Index No., Day's change, etc.

FIXED INTEREST

Table with columns: PRICE INDICES, Times, Day's change, etc.

NEW HIGHS AND LOWS FOR 1982

The following quotations in the Share Information Service yesterday attained new highs and lows for 1982.

Table listing new highs and lows for various companies like BHP, Anglo-Indonesian, etc.

AVERAGE GROSS REDEMPTION YIELDS

Table with columns: British Government, 5 years, 10 years, etc.

NOTICE OF REDEMPTION

To the Holders of
Compañia Anónima Nacional
Teléfonos de Venezuela

8 1/4% Guaranteed Sinking Fund Debentures Due 1987
NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Fiscal Agency Agreement dated as of December 15, 1972 providing for the above Debentures, \$425,000 principal amount of said Debentures bearing the following serial numbers have been selected for redemption on June 15, 1982, through operation of the Sinking Fund, at the principal amount thereof, together with accrued interest thereon to said date:

Table listing serial numbers of debentures for redemption.

On June 15, 1982, the Debentures designated above will become due and payable in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts. Said Debentures will be paid, upon presentation and surrender thereof with all coupons appertaining thereto maturing after the redemption date, at the option of the holder either (a) at the corporate trust office of Morgan Guaranty Trust Company of New York, 138th Floor, 80 West Broadway, New York, N.Y. 10015, or (b) at the main offices of any of the following: Morgan Guaranty Trust Company of New York in Brussels, Frankfurt am Main, London, Paris and Zurich; Bank Mees & Hope NV in Amsterdam; Credito Romagnolo S.p.A. in Milan and Rome and Credit Industriel d'Alsace et de Lorraine, S.A. in Luxembourg.

Compens due June 15, 1982 shall be detached and collected in the usual manner. On and after June 15, 1982 interest shall cease to accrue on the Debentures herein designated for redemption.

Compañia Anónima Nacional Teléfonos de Venezuela
Dated: May 4, 1982

NOTICE

The following Debentures previously called for redemption have not as yet been presented for payment:

Table listing serial numbers of debentures not presented for payment.

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CURRENCIES and MONEY

FT UNIT TRUST INFORMATION SERVICE

Pound nervous

Sterling was steady for most of the day, but continued nervousness over the Falkland Islands...

STERLING - Trade-weighted index (Bank of England) 90.1, against 90.3 at noon and at the opening...

DOLLAR - Trade-weighted index 113.5 against 113.0 on Friday, and 107.0 six months ago...

EMS EUROPEAN CURRENCY UNIT RATES
Currency amounts in % change from May 4

EXCHANGE CROSS RATES

Table with columns for Pound Sterling, U.S. Dollar, Deutschmark, Japanese Yen, French Franc, Swiss Franc, Dutch Guilder, Italian Lira, Canadian Dollar, Belgian Franc.

FT LONDON INTERBANK FIXING (11.00 a.m. MAY 4)

Table showing 3 months U.S. dollars and 6 months U.S. dollars bid and offer rates.

EURO-CURRENCY INTEREST RATES (Market Closing Rates)

Table with columns for Sterling, U.S. Dollar, Canadian Dollar, Dutch Guilder, Swiss Franc, French Franc, Italian Lira, Belgian Franc, Yen, Danish Kroner.

MONEY MARKETS

UK rates were generally easier yesterday, reflecting sterling's strength over the weekend despite new fighting around the Falkland Islands...

The forecast was later revised to a shortage of around £200m before taking into account the morning's help and the authorities gave further assistance of £18m...

Day to day credit was in short supply in the money market and the Bank of England gave an early forecast of shortage of £250m...

Table with columns for NEW YORK, GERMANY, FRANCE, JAPAN, showing interest rates for various terms.

THE POUND SPOT AND FORWARD

Table with columns for May 4, Day's spread, Close, One month, Three months, % p.a.

THE DOLLAR SPOT AND FORWARD

Table with columns for May 4, Day's spread, Close, One month, Three months, % p.a.

CURRENCY MOVEMENTS

Table with columns for May 4, Bank of England, Morgan Stanley, etc.

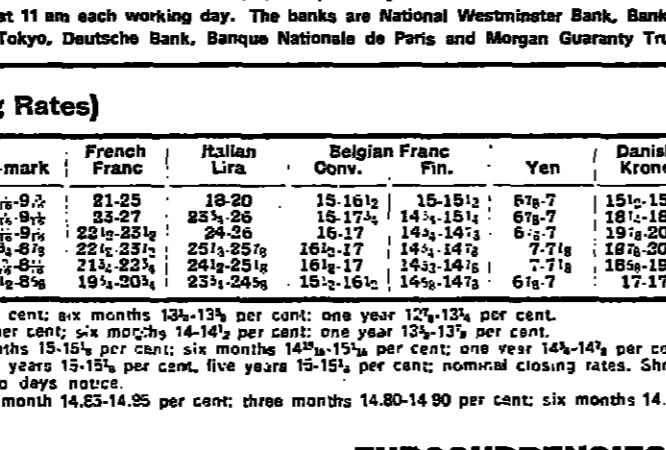
OTHER CURRENCIES

Table with columns for May 4, £, \$, Note Rates.

EUROCURRENCIES

Table with columns for American Growth, Art. Sec. Inc., etc.

PARIS Overnight Money



LONDON MONEY RATES

Table with columns for May 4, 1982, Sterling, Interbank, Local Authority, etc.

FINANCE HOUSES SEVEN DAYS

Table with columns for May 4, 1982, Sterling, Interbank, Local Authority, etc.

FINANCE HOUSES SEVEN DAYS

Table with columns for May 4, 1982, Sterling, Interbank, Local Authority, etc.

AUTHORISED TRUSTS

Large table listing various authorized trusts and their details, including names, managers, and contact information.



Handwritten signature or initials in a box.

INSURANCES

Table of insurance companies and their products, including Abbey Life Assurance Co. Ltd., Crown Life (Continued), and various international and domestic policies.

INSURANCE & OVERSEAS MANAGED FUNDS

Table of insurance and overseas managed funds, including Life Assur. Co. of Pennsylvania, Prudential Savings Group, Sun Life of Canada (UK) Ltd., and various international investment funds.

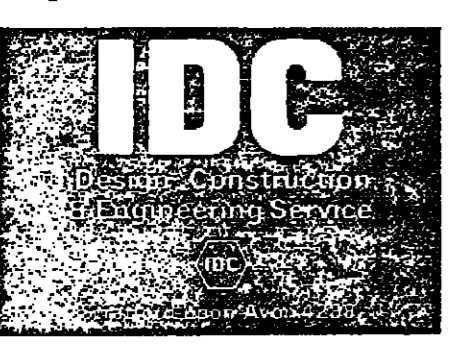
Table of international and offshore managed funds, including Sun Life of Canada (UK) Ltd., Bridge Management Ltd., British Life Investment Mgmt. Ltd., and various international equity and bond funds.

OFFSHORE AND OVERSEAS

Table of offshore and overseas managed funds, including Fidelity International, Sun Life of Canada (UK) Ltd., and various international investment funds.

NOTES: Information regarding fund performance, currency, and other relevant details for the listed funds.

FT SHARE INFORMATION SERVICE



LOANS—Continued

Table of financial data for various loan categories, including 'Financial' and 'Building Societies'.

BANKS & H.P.—Cont.

Table of financial data for banks and hire purchase companies.

CHEMICALS, PLASTICS—Cont.

Table of financial data for chemical and plastic companies.

ENGINEERING—Continued

Table of financial data for engineering companies.

FOOD, GROCERIES—Cont.

Table of financial data for food and grocery companies.

HOTELS AND CATERERS

Table of financial data for hotels and caterers.

INDUSTRIALS (Misc.)

Table of financial data for various industrial companies.

BRITISH FUNDS

“Shorts” (Lives up to Five Years)

Table of British funds with short-term maturities.

Five to Fifteen Years

Table of British funds with 5 to 15 year maturities.

Over Fifteen Years

Table of British funds with maturities over 15 years.

Undated

Table of undated British funds.

Index-Linked & Variable Rate

Table of index-linked and variable rate funds.

INT. BANK AND O'SEAS GOVT. SECURITIES ISSUES

Table of international bank and overseas government securities issues.

CORPORATION LOANS

Table of corporation loans.

COMMONWEALTH AND AFRICAN LOANS

Table of commonwealth and African loans.

LOANS Public Board and Ind.

Table of public board and industrial loans.

FOREIGN BONDS & RAILS

Table of foreign bonds and rail investments.

AMERICANS

Table of American stocks and companies.

BEERS, WINES AND SPIRITS

Table of beer, wine, and spirit companies.

BUILDING INDUSTRY, TIMBER AND ROADS

Table of building, timber, and road companies.

DRAPERY AND STORES

Table of drapery and store companies.

ELECTRICALS

Table of electrical companies.

FINANCIAL

Table of financial companies.



Enormous Grants Skelmersdale 32123

CHEMICALS, PLASTICS

Table of chemical and plastic companies.

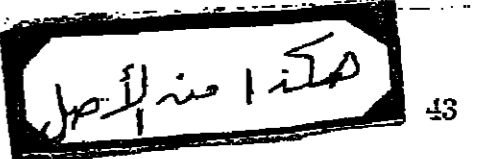
ENGINEERING MACHINE TOOLS

Table of engineering and machine tool companies.

FOOD, GROCERIES, ETC.

Table of food, grocery, and other companies.

Handwritten signature or note at the bottom right of the page.



INDUSTRIALS—Continued

LEISURE—Continued

PROPERTY—Continued

INVESTMENT TRUSTS—Cont.

OIL AND GAS—Continued

Table of Industrial stocks including companies like British Petroleum, Shell, and ICI, with columns for stock name, price, and change.

Table of Leisure stocks including companies like Rank Organisation, Associated British Foods, and J. & J. Whiteley.

Table of Property stocks including companies like British Land, Anglo-Siam, and Anglo-Thai.

Table of Investment Trusts including companies like Anglo-Siam, Anglo-Thai, and Anglo-Persian.

Table of Oil and Gas stocks including companies like Anglo-Persian, Anglo-Siam, and Anglo-Thai.

MOTORS, AIRCRAFT TRADES

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

OVERSEAS TRADERS

Table of Motors and Aircraft Trades stocks including companies like British Aircraft, British Motor, and British Overseas Airways.

Table of Shipping stocks including companies like Anglo-Siam, Anglo-Thai, and Anglo-Persian.

Table of Shoes and Leather stocks including companies like Anglo-Siam, Anglo-Thai, and Anglo-Persian.

Table of South Africans stocks including companies like Anglo-Siam, Anglo-Thai, and Anglo-Persian.

Table of Overseas Traders stocks including companies like Anglo-Siam, Anglo-Thai, and Anglo-Persian.

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

TOBACCO

TRUSTS, FINANCE, LAND

TEAS

Table of Newspapers and Publishers stocks including companies like Associated Newspapers, News International, and Newsprint.

Table of Paper, Printing and Advertising stocks including companies like Anglo-Siam, Anglo-Thai, and Anglo-Persian.

Table of Tobacco stocks including companies like Anglo-Siam, Anglo-Thai, and Anglo-Persian.

Table of Trusts, Finance, and Land stocks including companies like Anglo-Siam, Anglo-Thai, and Anglo-Persian.

Table of Teas stocks including companies like Anglo-Siam, Anglo-Thai, and Anglo-Persian.

INSURANCE

PROPERTY

FINANCE, LAND, ETC.

OIL AND GAS

DIAMOND AND PLATINUM

Table of Insurance stocks including companies like Anglo-Siam, Anglo-Thai, and Anglo-Persian.

Table of Property stocks including companies like Anglo-Siam, Anglo-Thai, and Anglo-Persian.

Table of Finance, Land, and Etc. stocks including companies like Anglo-Siam, Anglo-Thai, and Anglo-Persian.

Table of Oil and Gas stocks including companies like Anglo-Siam, Anglo-Thai, and Anglo-Persian.

Table of Diamond and Platinum stocks including companies like Anglo-Siam, Anglo-Thai, and Anglo-Persian.

DAIWA Securities logo and text: 'International Finance', 'DAIWA SECURITIES'.

MINES—Continued

Table of Mines stocks including companies like Anglo-Siam, Anglo-Thai, and Anglo-Persian.

NOTES

Unless otherwise indicated, prices and net dividends are in pence and fractional parts of pence are rounded up. Dividends are based on the latest available figures.

REGIONAL MARKETS

Table of Regional Markets including London, New York, and other international markets.

OPTIONS

Table of Options including 3-month Call Rates and other financial instruments.

